

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

DON SHOOTER
CHAIRMAN 2011
PAULA A. ABOUD
ANDY BIGGS
RICH CRANDALL
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HOUSE OF
REPRESENTATIVES

JOHN KAVANAGH
CHAIRMAN 2012
LELA ALSTON
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JUSTIN OLSON
ANNA TOVAR

**** REVISED ****

JOINT COMMITTEE ON CAPITAL REVIEW

Wednesday, September 28, 2011

2:30 P.M. or on adjournment of JLBC

Senate Appropriations, Room 109

MEETING NOTICE

- Call to Order
- [Approval of Minutes of April 19, 2011.](#)
- DIRECTOR'S REPORT (if necessary).
- 1. ARIZONA DEPARTMENT OF ADMINISTRATION
 - [A. Review of FY 2012 Building Renewal Allocation Plan.](#)
 - [B. Consider Recommending FY 2011 and FY 2012 Rent Exemptions.](#)
- 2. [STATE DEPARTMENT OF CORRECTIONS - Review of FY 2012 Building Renewal Allocation Plan.](#)
- 3. [ARIZONA DEPARTMENT OF TRANSPORTATION - Review of FY 2012 Building Renewal Allocation Plan.](#)
- 4. [ARIZONA GAME AND FISH DEPARTMENT - Review of FY 2009 Yuma Office and FY 2012 Property and Dam Maintenance Projects.](#)
- 5. [ARIZONA STATE UNIVERSITY - Review of 6 Bond Projects.](#)

The Chairman reserves the right to set the order of the agenda.

9/27/11

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People with disabilities may request accommodations such as interpreters, alternative formats, or assistance with physical accessibility. Requests for accommodations must be made with 72 hours prior notice. If you require accommodations, please contact the JLBC Office at (602) 926-5491.

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**MINUTES OF THE MEETING
JOINT COMMITTEE ON CAPITAL REVIEW**

Tuesday, April 19, 2011

The Chairman called the meeting to order at 9:08 a.m., Tuesday, April 19, 2011 in Senate Appropriations Room 109. The following were present:

Members:	Senator Biggs, Chairman	Representative Kavanagh, Vice-Chairman
	Senator Aboud	Representative Alston
	Senator Crandall	Representative Campbell
	Senator Klein	Representative Court
	Senator Murphy	Representative McLain
	Senator Schapira	Representative Tobin
		Representative Tovar

APPROVAL OF MINUTES

Hearing no objections from the members of the Committee, Chairman Andy Biggs stated the minutes of December 14, 2010 would stand approved.

ADOPTION OF COMMITTEE RULES AND REGULATIONS

Ms. Leatta McLaughlin, JLBC Staff, requested that the Committee adopt the Rules and Regulations provided in the meeting materials.

Representative Tobin moved that the Committee adopt the Rules and Regulations. The motion carried.

ARIZONA STATE UNIVERSITY - Review of Housing Indirect Financing and Dining Bond Projects.

Ms. Leatta McLaughlin, JLBC Staff, presented Arizona State University's (ASU) proposal to enter into ground leases with American Campus Communities and Inland American Communities to renovate 2 dorms at the Tempe campus and construct a new dorm at each of the West & East campuses. ASU does not have any obligation to financially support the facilities. ASU also requests Committee review of a \$17.7 million revenue bond issuance to reimburse the third parties for construction of a 25,000 square foot dining facility at each of the West and East campuses. The JLBC Staff presented options to the Committee.

(Continued)

Ms. McLaughlin responded to member questions.

Representative Tobin moved that the Committee give a favorable review to ASU's Housing Indirect Financing and Dining Bond projects, along with the following Standard University Financing Provisions.

Standard University Financing Provisions

- *A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.*
- *ASU shall provide the final debt service schedule for the projects as soon as it is available.*

The motion carried.

NORTHERN ARIZONA UNIVERSITY - Review of Housing Indirect Financing Projects.

Ms. Marge Zylla, JLBC Staff, presented a request from Northern Arizona University (NAU) to review their proposal to enter into third party financing and ground lease agreements with American Campus Communities for development of new student housing facilities at 2 separate locations on the Flagstaff campus. The total cost of the projects is estimated to be \$68.0 million. NAU does not have any obligation to financially support the facilities. The JLBC Staff presented options to the Committee.

Representative Tobin moved that the Committee give a favorable review to NAU's Housing Indirect Financing Projects, along with the provision that this does not constitute endorsement of any level of General Fund appropriations. The motion carried.

MARICOPA COUNTY COMMUNITY COLLEGE DISTRICT - Review of General Obligation Bond Issuance.

Ms. Marge Zylla, JLBC Staff, presented a request from Maricopa County Community College District (MCCCD) for the Committee to review their proposed \$150 million General Obligation Bond Issuance request, which is the 4th of 5 issuances that total \$951 million and are used to fund capital projects and district-wide initiatives. The 14-year 4th issuance is expected to be issued in May 2011 with an annual payment that would start at \$6.1 million and grow to \$24.5 million. The JLBC Staff presented options to the Committee.

Ms. Zylla responded to member questions.

Representative Tobin moved that the Committee give a favorable review of MCCCD's General Obligation Bond Issuance, with the provision that MCCCD: 1) seek Committee review before using any portion from the bond issuance for any project not previously reviewed by the Committee, and 2) report to the Committee on updated project costs when MCCCD returns for review of its fifth issuance. The motion carried.

ARIZONA DEPARTMENT OF ADMINISTRATION - Consider Recommending FY 2011 Partial Rent Exemptions and FY 2012 - FY 2013 Quarterly Rent Payments.

Mr. James Alcantar, JLBC Staff, presented a request from the Arizona Department of Administration (ADOA). ADOA requests the Committee recommend 3 partial rent exemptions for FY 2011 totaling \$1,800 for the State Parks Board, Secretary of State and the Governor's Office, and 1 rent increase of \$1,800 for the Department of Corrections. Additionally, ADOA requests the Committee recommend

(Continued)

allowing the State Board of Technical Registration to make quarterly privatized lease-to-own lease-purchase payments in FY 2012 - 2013 instead of 1 annual payment due at the beginning of each year.

Representative Tobin moved that the Committee recommend the proposed FY 2012 - FY 2013 quarterly lease-purchase payment plan for the State Board of Technical Registration, the proposed \$1,800 FY 2011 increased rent payment for the Department of Corrections (ADC), and the proposed \$1,800 FY 2011 partial rent exemptions for the State Parks Board, Secretary of State, and Governor's Office. The motion carried.

ARIZONA STATE LOTTERY COMMISSION - Review of FY 2011 Building Renewal Allocation Plan.

Mr. Ted Nelson, JLBC Staff, presented a request from the Arizona State Lottery Commission that the Committee review its \$75,600 FY 2011 Building Renewal Allocation Plan to be spent on a replacement generator, an upgraded uninterruptible power supply system, and a damaged light pole. The JLBC Staff recommended a favorable review.

Mr. Nelson responded to member questions.

Representative Kavanagh moved that the Committee give a favorable review to the Arizona State Lottery Commission's \$75,600 FY 2011 Building Renewal Allocation Plan. The motion carried.

Without objection, the meeting adjourned at 9:18 a.m.

Respectfully submitted:

Mya Trivison, Secretary

Leatta McLaughlin, Assistant Director

Senator Andy Biggs, Chairman

NOTE: A full audio recording of this meeting is available at the JLBC Staff Office, 1716 W. Adams. A full video recording of this meeting is available at <http://www.azleg.gov/jlbc/meeting.htm>

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DATE: September 21, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Leatta McLaughlin, Assistant Director

SUBJECT: Arizona Department of Administration - Review of FY 2012 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The Arizona Department of Administration (ADOA) requests the Committee review its FY 2012 Building Renewal Allocation Plan. Laws 2011, Chapter 25 appropriated \$6,500,000 from the Capital Outlay Stabilization Fund (COSF) to ADOA in FY 2012.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

The proposed expenditure plan is consistent with building renewal guidelines and appropriations.

Under either option, the JLBC Staff recommends the provision that ADOA shall report any change in the spending plan to the JLBC Staff, including reallocations between projects and allocations from the contingency plan. JLBC Staff also recommends the following provisions for the emergency contingency allocation:

1. ADOA notify the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADOA can proceed without Committee review.
2. If the emergency project is \$50,000 or greater, ADOA will request JCCR review.

(Continued)

3. The Chairman can allow ADOA to move forward with an emergency project of greater than \$50,000 without Committee review.
4. The Chairman will notify ADOA if he does not agree that the project is an emergency and will request that ADOA not proceed with the project.

An “emergency” project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations.

Analysis

Building renewal appropriations provide for the major maintenance and repair of state-owned buildings. The building renewal formula takes into account the replacement value, age, and life-cycle of all structures in the ADOA building system. A total of \$6,500,000 is appropriated to ADOA to fund 17% of building renewal formula in FY 2012. The FY 2012 Building Renewal Allocation Plan for ADOA consists of the following projects:

FY 2012 Building Renewal Allocation Plan	
<u>Fire & Life Safety Projects</u>	
ADOA Fire Alarm System Replacement	\$500,000
DHS Fire Alarm/Suppression Replacement	200,000
DEMA Fire Safety Upgrades at EOC & Armories	155,000
ASDB Fire Alarm Replacement Evaluation	<u>50,000</u>
<i>Subtotal</i>	<i>\$905,000</i>
<u>Major Building Services Projects</u>	
ADOA Executive Tower Electrical Service Entrance Replacement	\$1,133,000
DPS Forensic Lab Chiller/Cooling Tower & HVAC Replacement	600,000
ADOA Capitol Mall HVAC Replacement	300,000
DJC Adobe Mtn. & Black Canyon HVAC Replacement	260,000
DHS State Hospital Cooling Towers Replacement	200,000
DHS State Hospital Water Treatment System Replacement	75,000
Historical Society Sharlot Hall Cooling Tower Replacement	75,000
ASDB Tucson Day School Cooling Tower Replacement	<u>36,000</u>
<i>Subtotal</i>	<i>\$2,679,000</i>
<u>Building Shell Projects</u>	
Exposition & State Fair Board Barn Roof Replacement	\$460,000
Historical Society Sharlot Hall Roof Replacement	137,000
DPS Roof Replacements	120,000
State Forester Flagstaff Office Renovations	<u>19,000</u>
<i>Subtotal</i>	<i>\$736,000</i>
<u>Infrastructure Projects</u>	
DJC Adobe Mtn. & Black Canyon Water Infrastructure Repairs	\$ 350,000
ADOA Capitol Mall Parking Lots Replacement/Repair	250,000
Pioneers' Home Prescott Parking Lot Replacement	150,000
ASDB Tucson Day School Ground Settlement Repairs	145,000
ADOA Capitol Mall Security Monitoring System Replacement	130,000
State Forester Flagstaff Parking Lot Replacement	<u>103,000</u>
<i>Subtotal</i>	<i>\$1,128,000</i>

(Continued)

(Continued)	
<u>Energy Conservation Projects</u>	
Pioneers' Home Prescott Attic Insulation	\$20,000
State Forester Flagstaff Light Fixtures Replacement	<u>8,000</u>
Subtotal	\$28,000
<u>Building Interior Projects</u>	
ADOA Capitol Mall Carpet Replacement	\$300,000
Pioneers' Home Vinyl Flooring Replacement	<u>100,000</u>
Subtotal	\$400,000
<u>Other</u>	
Emergency & Imminent Failure Contingency	\$348,000
Construction Services Project Management Costs	275,000
Risk Management Insurance Premium	<u>1,000</u>
Subtotal	\$624,000
TOTAL	\$6,500,000

The following provides an overview of the amounts allocated to different categories of projects. The attached materials submitted by ADOA provide more detail of the individual projects.

Fire and Life Safety Projects

A total of \$905,000 will be allocated to 4 different projects. Of this amount, \$500,000 will fund Phase III of fire alarm systems replacement in the Capitol Mall office buildings. The fire alarms and suppression systems will be upgraded at the Department of Emergency and Military Affairs' Emergency Operations Center (EOC) and various armories at a cost of \$155,000. The obsolete and failing fire alarm and sprinkler suppression systems at the Department of Health Services' (DHS) Arizona State Hospital will be replaced at a cost of \$200,000. The remaining \$50,000 will fund Phase I of fire alarm systems replacement at the Arizona State Schools for the Deaf and Blind's (ASDB) Tucson campus, which includes conducting an evaluation of all fire alarm systems at its 31 buildings.

Major Building Services Projects

A total of \$2,679,000 will be allocated to 8 different projects. Of this amount, \$911,000 will be spent to replace cooling towers at the Department of Public Safety's (DPS) Forensic Sciences Laboratory, DHS's Arizona State Hospital, the Arizona Historical Society's Sharlot Hall Museum in Prescott, and ASDB's Tucson campus. HVAC system replacements will cost \$560,000 at Capitol Mall office buildings and the Department of Juvenile Corrections' (DJC) Adobe Mountain and Black Canyon Schools. The Executive Tower's source that provides power to the building, along with the main panels and conduit feeders, will be replaced at a cost of \$1,133,000. The remaining \$75,000 will be use to replace the water softening system at DHS's Arizona State Hospital.

Building Shell Projects

A total of \$736,000 will be allocated to 4 different projects. Of this amount, \$717,000 will be spent replacing roofs at the Exposition and State Fair Board's cattle barn, the Arizona Historical Society's Sharlot Hall Museum Center, and various DPS locations, such as Heber, Quartzite, Show Low, Kingman, and Tucson. The remaining \$19,000 will be spent on office renovations at the State Forester's Flagstaff buildings.

(Continued)

Infrastructure Projects

A total of \$1,128,000 will be allocated to 6 projects. Of this amount, \$503,000 will be spent replacing parking lots at the Capitol Mall, the Prescott Pioneers' Home, and State Forester's Flagstaff location. Water infrastructure repairs will be made at DJC's Adobe Mountain and Black Canyon Schools at a cost of \$350,000. Of the remaining \$275,000, ground settle repairs costing \$145,000 will be made at ASDB's Tucson campus, and \$130,000 will be used to replace security monitoring systems at the Capitol Mall.

Energy Conservation Projects

A total of \$28,000 will be allocated to 2 projects. Of this amount, \$20,000 will be spent on supplementing attic insulation at the Prescott Pioneers' Home. The remaining \$8,000 will be used to replace light fixtures at the State Forester's Flagstaff location.

Building Interior Projects

A total of \$400,000 will be allocated to 2 projects. Of this amount, \$300,000 will be used to replace carpet, which has become a safety hazard, at the Capitol Mall buildings. The remaining \$100,000 will be spent replacing vinyl flooring, which has also become a safety hazard, at the Prescott Pioneers' Home.

Other

In order to cover project management costs for FY 2012 building renewal projects, \$275,000 will be allocated. A payment of \$1,000 will be paid for a Construction Insurance Premium. A total of \$348,000 is allocated for contingency.

RS/LMc:mt

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • SUITE 401
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(602) 542-1500

September 6, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington Street
Phoenix, Arizona 85007



Dear Senator Shooter:

ARS § 41-1252 directs the Joint Committee on Capital Review (JCCR) to review the expenditure of all monies appropriated for building renewal. The Arizona Department of Administration (ADOA) requests review of its plan to expend the FY 2012 ADOA Building System renewal appropriation of \$6,500,000.

The enclosed FY 2012 allocation plan and supporting documentation include (a) a summary of planned projects by project type, dollar amount, agency, and short project description, and (b) a narrative explanation of projects.

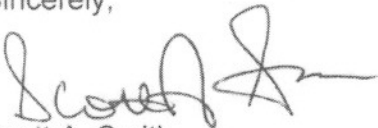
Increasingly, ADOA and its building system agencies undertake repairs and replacements in "crisis management mode". Given the deteriorated conditions of the State's aging structures, it is difficult, if not impossible, to identify which building components will fail. To the extent possible, ADOA completes repairs to building systems before imminent failures occur to mitigate interruptions to mission critical business, property damage, and the high costs associated with emergency basis procurements.

In the event one or more unexpected malfunctions exceed the allocation for Emergency and Imminent Failures of \$348,000, ADOA may redirect monies from projects identified in the plan to address priorities of superior urgency.

If you have any questions regarding ADOA's plan for the allocation of FY 2012 building renewal, please contact William Hernandez, Assistant Director, ADOA General Services Division, at (602) 364-2872.

The Honorable Don Shooter
September 6, 2011
Page 2 of 2

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott A. Smith', with a stylized flourish at the end.

Scott A. Smith
Director

Attachments

cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC Staff
Leatta McLaughlin, Assistant Director, JLBC Staff
John Arnold, Director, OSPB
Jennifer Uharriet, Capitol Budget Analyst, OSPB
Paul Shannon, Assistant Director, ADOA
William Hernandez, Assistant Director, ADOA
Nola Barnes, General Manager, ADOA

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

Fire and Life Safety: improve or eliminate an impending condition that threatens life or property

The ADOA Building System has a number of fire alarm and suppression systems that have exceeded their life expectancy, are functionally obsolete, and in various stages of failure, if not already failed. When fire alarm systems are out of commission for extended repair times, agencies must employ 24-hour fire watch personnel, usually on an overtime basis, to achieve fire and life safety standards. Upgrades to fire alarm and suppression systems are necessary to bring state facilities into compliance with Federal, State, and Local fire and life safety regulations.

\$155,000: Emergency and Military Affairs, Department of (DEMA) – Phoenix - State Emergency Operations Center (EOC) - Statewide Armory Priorities - Fire and Life Safety Upgrades

Arizona's EOC is located on the Papago Park Military Reservation in Phoenix. The fire alarm panel and related hardware are obsolete and no longer sound alarm. In the event of a State emergency, the facility serves as the primary central command center for emergency operations and the secure shelter for the Governor of Arizona. The integrity of this facility is essential to the State's ability to manage emergency situations. Additionally, multiple State supported armories, several serving as local level emergency management operations centers, have serious fire alarm and fire suppression system deficiencies. Deficiencies include non-existent or non-compliant fire sprinkler systems, kitchen hood fire suppression systems, and fire alarms systems.

\$200,000: Health Services, Department of (DHS) – Arizona State Hospital (ASH) – Fire Alarm and Fire Suppression Replacements

A number of fire alarm and sprinkler suppression systems currently serving ASH are obsolete and in various stages of failure. The fire alarm systems consist primarily of obsolete "Edwards" fire alarm panels and related equipment and a majority of replacement parts are no longer available. The antiquated analog computer monitoring system is inoperable, forcing ASH to rely on a less effective older "Fireworks" brand monitoring computer. This allocation facilitates an upgrade to a reliable modernized digital monitoring system capable of integrating the entire campus.

\$500,000: Administration, Department of (ADOA) – Capitol Mall – Replace Obsolete and Unsupported Fire Alarm Systems – Phase III

The Thorn Auto-Call fire alarm system and other proprietary systems in several Capitol Mall buildings are obsolete. Some of the alarm system companies have been out of business for many years and the parts are not manufactured or supported by alternative sources. In FY 2009, ADOA received a capital appropriation for \$491,000 for Phase I of ADOA's multi-year plan to replace obsolete fire alarms systems in its ADOA-managed buildings. Last year, ADOA implemented Phase II of the plan, designing and replacing four fire alarm systems in 1520 W. Adams, 1200, 1275, and 1300 W. Washington. This allocation represents Phase III of ADOA's fire alarm replacements consisting of

**DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000**

the planned design and construction of non-proprietary fire alarm systems at 1537 W. Jackson and 1535 and 1601 W. Jefferson.

\$50,000: Deaf and the Blind, Arizona Schools for the (ASDB) – Tucson Campus - Fire Alarm Replacement Evaluation – Phase I

The ASDB Tucson Campus is comprised of 31 buildings providing services to students with visual and hearing impairments. The facilities are equipped with fire alarm systems more than 30-years old that lack critical redundancy features. The alarm panels are a collection of differing manufacturers and replacement parts are becoming scarce and increasingly difficult to find each year. Moreover, a number of the "Edwards" brand fire alarm panels require an obsolete Windows 95 based operating system that is extremely difficult to maintain. This allocation is Phase I of a campus-wide fire alarm systems replacement project and consists of conducting an evaluation of all fire alarm systems to identify a comprehensive scope of work and estimated costs for upgrades and replacements, including environmental related abatement requirements. A future year's allocation of building renewal monies will implement Phase II, consisting of fire alarm systems engineering design and installation.

Major Building Services: includes existing elevators, plumbing (domestic), HVAC, and electrical

The allocations in this category are projects that reflect the worsening condition of chief building services components, including large central plants, in ADOA Building System structures. Many of the failing chillers and cooling towers are original to building construction, have well surpassed their useful lives, and can no longer meet the cooling demands of the structures they support. Many systems are so weakened that unpredictable and imminent failure conditions threaten mission critical functions of public safety and institutional settings. Replacing aged and inefficient systems with new and more efficient systems will generate energy savings, protect assets, and provide comfortable climate control in Arizona's extreme environment.

\$1,133,000: Administration, Department of (ADOA) - 1700 West Washington, Executive Tower - Replace Electrical Service Entrance Section (SES); Main Panels & Conduit Feeders

The expected life of a SES is approximately 20-years. The Executive Tower was built 37-years ago (1974) and the main electrical panels, feeder conduit, and SES are as old as the building - well beyond their expected service lives. The parts are obsolete and the manufacture no longer produces these parts. The antiquated electrical SES, including the main breakers, poses a potential fire hazard should it fail to interrupt a circuit in an overload or short circuit condition. Complete failure of the SES is imminent and it must be replaced. Without a functional SES, all of the Executive Tower and the Capitol Museum will be without electricity for an extended period of time, interrupting the State's primary mission critical functions.

Breaker components in one of the SES' failed in 1998 and ADOA was forced to borrow parts from the Executive Tower's chiller electrical system to keep the SES

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

functional until the breaker in disrepair could be refurbished, and reinstalled. Fortunately, the event took place in cooler months and the chiller was not critical to operations; however, had the failure occurred during summer months, the Executive Tower would have been without cooling until the SES were repaired or replaced. Since, ADOA has been advised that "exercising" the breakers might cause the system to malfunction, trip, and "go offline." As a result of the threatening uncertainty of system operations, ADOA has not shut down the SES or any of its components, added electrical capacity, or performed regular SES maintenance for over fifteen years.

ADOA will procure the services of an electrical engineer to evaluate and provide the scope of work requirements to replace the SES. Minimally, the aged and unreliable switchgear will be replaced with new components, including a ground fault main circuit breaker, draw-out distribution breakers (for ease of maintenance), digital metering (for remote control / monitoring), and transient surge protection. Contingency is included in the foregoing allocation; however, additional funds may be required to address unanticipated scope.

\$600,000: Public Safety, Department of (DPS) – Phoenix, Statewide Priorities - Replace Chiller & Cooling Tower - Forensic Sciences Laboratory (FSL); Replace HVAC

The chiller and cooling tower system serving the seven-days per week, 24-hour a day operations of the FSL is approximately 15-years old and original to the building. Added evidence processing equipment and occupancy has generated an increased building heat load. Swelling heat load and summer cooling demands keep the system operating 24-hours a day at maximum capacity. If the aging system operates continuously at peak, system failure is imminent, and will likely result in compromise of critical evidence, sensitive equipment, and lab environment. \$450,000 of this allocation is dedicated to replacing the chiller and the cooling tower.

DPS has roughly 400 structures on 110 sites. \$150,000 of this allocation is dedicated to proactively replacing failing HVAC systems to mitigate negative impacts of interruption of DPS' mission critical functions and expensive "crisis-mode" emergency repairs and replacements. DPS list of priority locations include Heber, Mesa, Quartzite, Show Low, Benson, Tucson, and other urban and rural facilities across Arizona.

\$75,000: Prescott Historical Society (PHS) - Sharlot Hall Museum Center – Replace Cooling Tower

Original to the building's construction in 1977, the cooling tower is over 33-years old and serves 18 individual HVAC units that provide cooling to the Sharlot Hall Museum Center. The mission critical Museum Center houses the largest percentage of artifacts and exhibits on site, most of which are climate sensitive and require consistent temperature and humidity control.

\$36,000: Deaf and the Blind, Arizona Schools for the (ASDB) – Tucson Day School Campus Food Services Building - Replace Cooling Tower

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

The cooling tower supporting the Food Services Building is over 20-years old and original to the building's construction. The supporting mounts are deteriorated beyond repair and constant visible water leaks are causing damage to the roof membrane that was only just replaced five-years ago. The mission-critical facility is utilized by students with varying forms of disabilities, a number of them residing on campus. If the cooling tower is allowed to run to failure, unsafe interior climate conditions will compromise delivery of food services to the campus possibly creating a scenario of increased operating costs for temporary alternative food service arrangements.

\$300,000: Administration, Department of (ADOA) – Capitol Mall Office Buildings - Replace Failing HVAC

Several ADOA-managed buildings in the Capitol Mall need to have HVAC systems replaced. This allocation will address the most critical HVAC needs in the Capitol Mall to mitigate negative impacts of "crisis-mode" emergency repairs and replacements. Examples of immediate priorities include, but are not limited to:

1818 W. Adams - The Health Services Vital Records building is equipped with a 20-ton Air Handling Unit (AHU) and a 50-ton chiller that are approximately 20-years old. These units have exceeded their life expectancies, are in danger of failing, and need replaced.

1700 W. Washington, Executive Tower - The 14-ton two stage split a/c unit servicing primary areas of the 2nd floor is approximately 20-years old, has exceeded its useful life, and needs to be pro-actively replaced.

Given the years of deferred repairs and replacements, unanticipated mechanical failures of HVAC systems may warrant reprioritization of replacements.

\$260,000: Juvenile Corrections, Department of (ADJC) – Adobe Mountain School (AMS) and Black Canyon School (BCS) - Replace and Repair Failing HVAC

The aging units at the AMS and BCS juvenile detention facilities provide heating and cooling to a variety of dormitories, classrooms, healthcare, and recreational facilities. The number of juveniles detained at the campus is expected to increase over the next 90-days, increasing facility cooling demands. This allocation will mitigate the negative impacts of costly "crisis-mode" emergency repairs and replacements and health and safety risks for youth and staff.

\$200,000: Health Services, Department of (DHS) – Arizona State Hospital (ASH) - Replace Cooling Towers – Phase I

DHS FY 2012 Capital Improvement Plan (CIP) requested to replace four cooling towers servicing the ASH campus. Earlier this year, one of the cooling towers

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

required extensive repairs when the corroded rotating assembly and motor housing failed and damaged the entire assembly as it fell into the water storage tank below. The corrosive nature of the water supply is contributing to corrosion of the cooling towers – some worse than others. The new cooling towers will prevent complete system failure. The estimated costs included in the CIP to replace all four cooling towers at a single time are uncertain. This allocation will replace the most significantly damaged cooling tower and provide a basis for estimating the cost to replace the remaining three cooling towers. As a prerequisite, ADOA is allocating monies separately to replace the water softening system to mitigate accelerated corrosion of the cooling towers and related components.

\$75,000: Health Services, Department of (DHS) – Arizona State Hospital (ASH) - Replace Central Plant Water Treatment System

The water softening system at ASH is over 20-years old and has reached the end of its useful life. The exterior water softener storage tank and piping are corroded and leaking, requiring constant repair. Parts for the aging system have limited or no availability and are increasingly difficult to locate, making repairs difficult and time consuming. As facilities are added to the central plant system, including the new forensic hospital opening in just months, increasing demand requirements are likely to accelerate system failure. If the water treatment system is allowed to run-to-fail, the corrosive nature of the water supply will negatively affect delivery of hot and chilled water through the boilers causing unwarranted negative impacts to ASH staff and residents in the State's care.

\$348,000: Administration, Department of (ADOA) Building System – ADOA Building System Statewide Priorities - Emergency and Imminent Failure Contingency

ADOA will expend monies from this allocation to address failed or failing HVAC, plumbing, electrical, and other building systems in mission critical structures as the need arises.

Building Shell: including existing exterior closure, walls, windows, doors, and roofs

The allocations in this category are reflective of deteriorating roof systems repaired to maximum effectiveness where further repairs are not cost effective nor prevent leaks. Neglect of roof systems facilitates deterioration of building structural systems, leads to potential mold growth, and increases risk of damage to interior contents. Further, the costs of structure damage and mold abatement can often exceed the cost of replacing the roof membrane alone. This allocation is dedicated to proactively replacing failing roof systems to mitigate negative impacts of interruption of mission critical functions and expensive "crisis-mode" emergency repairs and replacements.

\$120,000: Public Safety, Department of (DPS) - Statewide Priorities - Roof Replacements

DPS has roughly 400 structures on 110 sites. The roofs at these locations vary in age and condition, the oldest either approaching or already exceeding their

**DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000**

expected useful lives. DPS list of priority locations include Heber, Quartzite, Show Low, Kingman, Tucson, and other urban and rural facilities across Arizona.

\$460,000: Arizona Exposition & State Fair (AESF) - Phoenix - Replace Cattle Barn Roof

The AESF cattle barn consists of four barreled and four flat roof structures dating as far back as 1937. Water damage from repeated leaks is clearly visible on the underside of the flat roof structures, which were last replaced in 1979. Plywood has been added at weak points in the structure and covered with an asphalt underlayment in an effort to slow the water leaks. The observations of a structural engineer indicate that water intrusion has induced decay and subsequent structural compromise of the wood framing on the low-slope roofs and evidence of wood rot is visible in the support frames. Complete replacement of the roof membrane, damaged framing, and other structural elements are absolutely necessary. The cattle barn is a primary entrance to the AESF grounds off of McDowell Road and is utilized year round, including events such as the Arizona State Fair, Maricopa County Fair, Crossroads of the West Gun Show, livestock shows, and a variety of expositions. These events generate critical revenue for AESF and life safety concerns regarding the integrity of the roof structure and chronic leaking have led to cancellation of at least one event.

\$137,000: Prescott Historical Society (PHS) – Sharlot Hall Museum Center - Prescott - Replace Roof

The flat roof design of the Museum Center was a critical design flaw of the building's original construction in 1977. It was not appropriate for the variable weather conditions in Prescott and results in frequent water leaks that cause damage to the building interior and threaten museum artifacts. The roof was replaced twice but yielded the same rate of deterioration. In 2009, with assistance of a private donor, PHS acquired designs for a more appropriate "pitched" metal roof in 2009 to mitigate future problems. PHS planned to completely replace the flat roof with pitched roof as monies became available; however, since 2009, only one of three roof sections has been replaced and the remaining two sections of the flat roof continue to deteriorate. The new pitched roof will protect the Museum Center from further interior damage threatening PHS' mission critical functions.

\$19,000: State Forester – Flagstaff - Office Renovations

The State Forester responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities – about 22 million acres total. The Flagstaff operations are comprised of two buildings built in 1969 and 1979, each requiring immediate repair. The structures' ages, extreme climate inherent to the Flagstaff area, and improper grading of the North parking lot, have cumulatively lead to severe damage of the exterior paneling and interior floor coverings. The improper grading of the North lot permits storm water runoff to come into direct contact with the North, East, and West exterior siding of the cold storage/office building, and has resulted in cracking and partial detachment from the building footer. The water penetration has also destroyed

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

the interior office floor coverings. This allocation will replace the exterior paneling to prevent further structural damage and replace the interior carpet. As a prerequisite, ADOA is allocating monies separately to mitigate the negative affects the deteriorated and improperly graded North lot is having on the exterior and interior building systems. Contingency is included in the foregoing allocation; however, additional funds may be required to address unanticipated environmental related scope.

Infrastructure: includes existing roadways, parking lots, pedestrian paving, site electrical and mechanical utilities, water supply and distribution, sanitary and storm sewers, waste treatment, electrical distribution, site lighting, fencing, communications, and security

A significant portion of FY 2012 allocations for infrastructure is primarily associated with replacing parking lots in such an exhausted state of deterioration, interim measures such as patch repairs and sealants are ineffective and the only option is to remove and replace the asphalt. Many parking lots have been in a "deferred indefinitely" status for many years because limited building renewal monies are directed at keeping failing roofs, HVAC, electrical and plumbing systems, fire alarms, sewer and water systems operational. The lot surfaces have succumbed to long-term erosion, shifting, and settling caused by water penetration of the underlying pavement base and extreme weather conditions further exacerbated by the weight of passing traffic. The lots identified here require immediate attention as they have surpassed their respective useful lives and deterioration is causing serious safety concerns.

\$150,000: Arizona Pioneers' Home (APH) – Prescott - Replace Surface Parking Lot and Drives

The APH, located in Prescott, provides a home and long-term nursing and medical care for Arizona pioneers, long-term residents, and disabled miners. The main parking lot and driveway is deteriorated beyond repair and has become dangerous and needs to be addressed. Repeated freezing and thawing and ground settling has created visible surface cracking, "pot-holes," and large depressions that retain water and quickly turns into hazardous ice patches during winter months. The asphalt condition is so poor, that when an ambulance attempted to drive up the rear driveway last fall in response to an emergency call, the asphalt gave way, causing the ambulance to lose its traction up the hillside.

\$103,000: State Forester – Flagstaff – Replace Surface Parking Lot

The State Forester is responsible for the prevention and suppression of forest fires on State Trust Land and private land outside incorporated municipalities – about 22 million acres total. It has been approximately 11-years since the parking lots' last known repair work. Further, the storm water run off engendered by improper grade has become a liability to the surrounding structures. The parking lot must be re-engineered for proper drainage and to mitigate damage to the adjacent structures.

**DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000**

\$250,000: Administration, Department of (ADOA) – Capitol Mall - Replace and Repair Surface Parking Lots

The surface parking lots at Wesley Bolin Memorial Plaza (South) and 1717 W. Jefferson, Department of Economic Security (DES), are in serious disrepair as a result of the foregoing conditions and need replaced. In addition, the Wesley Bolin Memorial Plaza (North) lot will be patched and seal coated, as this proactive repair work will prevent further deterioration.

\$145,000: Deaf and the Blind, Arizona Schools for the (ASDB) – Tucson Day School Campus Food Services Building - Ground Settlement Repairs

Since the late 1990's the exterior infrastructure surrounding the Food Services Building has been plagued by visible "heaving" pedestrian walkways and settling patio areas - some areas sunken as much as 6" - that negatively affect on-site drainage and create dangerous protruding tripping hazards for both sighted and visually impaired individuals. Subsequent to a sewer line rupture in 2000 that was later attributed to settling soils, ADOA procured the services of a civil engineer to investigate the causes of the problems and to provide possible solutions. According to the engineering report, the soil backfill areas encasing the basement were not sufficiently nor uniformly compacted around the building during construction, resulting in current conditions. Briefly, recommended solutions include pressure-grouting the basement backfill areas to provide a solid foundation and redirecting storm water drainage away from the building's exterior. ADOA must procure an updated geo-technical engineering analysis to establish an appropriate scope of work. This project is inclusive of contingency monies; however, additional monies may be necessary to address unforeseen scope of work elements.

\$350,000: Juvenile Corrections, Arizona Department of (ADJC) - Adobe Mountain School (AMS) and Black Canyon School (BCS) – Water Infrastructure Repairs

The AMS and BCS are in need of immediate water infrastructure repairs and modifications. The water infrastructure lines are in almost constant state of leak repair and the fibrous material the water lines are made of makes locating the leaks difficult and expensive to repair. Further, the water lines have minimal valve control capable of isolating domestic plumbing lines when completing repairs and requires ADJC staff to shut off the entire AMS and BCS water line infrastructure to complete a simple repair, which compromises institutional operations and safety. As ADJC recently closed its second campus in Tucson, the increase in juveniles at the facility will add burden on the fragile infrastructure. The water infrastructure must be replaced and new isolation valves installed to ensure cost effective repairs and uninterrupted water delivery to both institutions.

\$130,000: Administration, Arizona Department of (ADOA) – Capitol Mall Office Buildings - Replace Outdated Physical Security Monitoring System – Phase I

ADOA maintains the physical security system in 83 structures located within the Capitol Mall, Central Phoenix, Scottsdale, Tucson and Kingman. The current

**DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
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\$6,500,000**

Monitor Dynamics Inc. (MDI) security system controls card access, parking garage gate arms and grills, building entrances, business suites and fire/panic alarms. The MDI system is over 25-years old and requires constant repair work to remain operational. It is functionally obsolete and lacks the necessary program capabilities required to meet the current security needs of the Capitol Mall Complex and additional satellite properties. A number of the alarms and sensors consistently malfunction, delivering false alarms to the main dispatch office. False alarms exhaust the resources of police, fire and emergency personnel and keep them from responding to actual emergencies. Requirements on the system have tripled since the original installation; upgrades are no longer available and replacement parts are becoming difficult to locate. System repairs essentially serve as a "band-aid" fix of a larger problem, which is the obsolete system.

ADOA proposes a phased in approach to replace the outdated MDI with a more current model non-proprietary system supported by various vendors. ADOA-General Services Division (GSD) will conduct a feasibility study during FY 2012, in conjunction with Risk Management and the Department of Public Safety Capitol Police, to ensure comprehensive requirements and specifications are developed and implemented for the safety and security of State property and employees. Upon completion of the study, Phase I, roughly estimated at approximately \$130,000, will commence, consisting of the new central system software and hardware and the conversion of the Executive Tower to the new system. Phase II will convert the remaining 82 buildings to the new security and alarm monitoring system.

Without the proposed, ADOA and DPS Capitol Police anticipate catastrophic system failure, including electronically unsecured buildings, fire, intrusion, and panic alarms will transmit to monitoring stations, and badge access to buildings and garages will be involuntarily terminated. In the interim, ADOA would have to post police officers or security cards at affected buildings, suspend electronic security devices, and install mechanical locking devices with key access for employees. The foregoing alternatives are impractical and cost prohibitive.

Energy Conservation: primarily emphasizes the reduction of energy consumption by a building, utility system, or core building component

\$8,000: State Forester – Flagstaff - Replace Inefficient, Aging Light Fixtures

The Flagstaff office of the State Forester is equipped with outdated and inefficient T-12 lighting fixtures originally installed over 30-years ago. The fixtures are inefficient, outdated, and dilapidated with aging ballasts generating an almost constant "flickering", causing eye strain for agency personnel. Many of the fixtures lack a protective lens, leaving the florescent bulbs exposed. Replacing the outmoded light fixtures with new electronic ballasts and T-8 technology will reduce energy consumption and costs, and provide increased illumination and a safer work environment for staffers. The fixtures are estimated to reduce annual utility costs by approximately 23% and have a pay back of approximately seven years.

DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
FY 2012 BUILDING RENEWAL ALLOCATION PLAN
\$6,500,000

\$20,000: Pioneers' Home, Arizona (APH) – Prescott - Supplement Attic Insulation

The APH, located in Prescott, provides a home and long-term nursing and medical care for Arizona pioneers, long-term residents, and disabled miners. A recent energy audit identified inadequate (in some areas non-existing) attic insulation as a source of preventable energy loss. Inadequate and non-existent attic insulation results in energy loss, increasing consumption, and generating unnecessarily high utility costs. Augmenting poorly performing attic insulation with a higher rated product, will reduce the negative affects of unnecessary energy loss, generating utility cost savings and improving climate control for elderly residents.

Building Interiors and Finishes: primarily floor coverings, interior doors and door casements, stairs

The condition of carpet in public buildings is one of the most visible to employees and visitors and floor covering replacements – primarily carpet – in the ADOA Building System has been in a “deferred indefinitely” status for many years because limited building renewal monies are directed at keeping failing roofs, HVAC, electrical and plumbing systems, fire alarms, sewer and water systems operational. Given the many years of lowest priority, many carpets have exhausted a deferred status and are in such poor condition they require immediate attention to avert or eliminate safety hazards. The expected useful life of carpet in typical office buildings is five to ten-years. Some carpets have not been replaced in nearly twenty. Conditions include areas completely worn through to the floor, trapped dirt accumulation under the carpet, divergent dye lots and carpet patterns attributed to patch repairs, stains, unraveling seams and tears, unsuccessful duct tape repairs, and rippling. Some carpet identified here cannot even be cleaned as an interim alternative to replacement because they are so deteriorated the cleaning process further damages already worn or torn fibers, and water penetrates the deteriorating carpet backing compressing “wet” dirt under the tattered carpet and onto the floor surface underneath.

\$300,000: Administration, Department of (ADOA) - Capitol Mall Complex – Replace Carpet

ADOA will use \$300,000 to address the most critical carpet and flooring needs in ADOA-managed buildings. Examples of projects include, but are not limited to:

1688 W. Adams – all floors
1616 W. Adams –3rd and 4th floors
1300 W. Washington – 2nd floor

ADOA may prioritize projects based on comprehensive cost estimates, including any abatement requirements, to make the highest and best use of the allocated monies.

\$100,000: Pioneers' Home, Arizona (APH) – Prescott – Replace Vinyl Flooring

The APH, located in Prescott, provides a home and long-term nursing and medical care for Arizona pioneers, long-term residents, and disabled miners.

**DEPARTMENT OF ADMINISTRATION (ADOA) BUILDING SYSTEM
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\$6,500,000**

The over 15-year old vinyl flooring and its underlying bonding materials are in various stages of deterioration, creating tripping and falling hazards for fragile elderly residents and requires replacing. Contingency monies are included in the allocation; however, if the results of an asbestos survey identify abatement requirements over and above the foregoing allocation of monies, additional funding might be necessary.

Project Management:

\$275,000: ADOA Construction Services Project Management Costs

ADOA may allocate up to up \$275,000 in Personal Services and Employee Related Expenses for up to 5 FTE Positions for building renewal project management.

\$1,000: ADOA Risk Management Construction Insurance Premium

The ADOA General Services Division (GSD) pays a .34% Construction Insurance Premium from each fiscal year's building renewal appropriation to ADOA Risk Management for Errors and Omissions (E & O) coverage associated with Engineering and Architectural (A & E) services contracts. The premium is not paid for direct construction costs or for reimbursable expenses.

FY 2012 Building Renewal Allocation Plan		
ADOA Building System		
Agency	Fire & Life Safety	Allocation
Emergency and Military Affairs, Department of	Fire Safety Upgrades; State Emergency Operations Center (EOC); Armories	\$155,000
Health Services, Department of	Fire Alarm and Fire Suppression Replacements	\$200,000
Administration, Arizona Department of	Replace Obsolete and Unsupported Fire Alarm Systems – Phase III	\$500,000
Deaf and the Blind, Arizona State Schools for the	Fire Alarm Replacement Evaluation - Phase I	\$50,000
	Subtotal	\$905,000
Major Building Services		
Administration, Arizona Department of	1700 West Washington, Executive Tower - Replace Electrical Service Entrance Section (SES); Main Panels & Condu	\$1,133,000
Public Safety, Department of	Statewide Priorities - Replace Chiller & Cooling Tower - Forensic Sciences Laboratory (FSL); Replace HVAC	\$600,000
Historical Society of Arizona, Prescott	Sharlot Hall Museum Center – Replace Cooling Tower	\$75,000
Deaf and the Blind, Arizona State Schools for the	Tucson Day School Campus Food Services Building - Replace Cooling Tower	\$36,000
Administration, Arizona Department of	Capitol Mall Office Buildings - Replace Failing HVAC	\$300,000
Juvenile Corrections, Department of	Adobe Mountain School (AMS) and Black Canyon School (BCS) - Replace and Repair Failing HVAC	\$260,000
Health Services, Department of	Arizona State Hospital (ASH) - Replace Cooling Towers – Phase I	\$200,000
Health Services, Department of	Arizona State Hospital (ASH) - Replace Central Plant Water Treatment System	\$75,000
ADOA Building System	ADOA Building System Statewide Priorities - Emergency and Imminent Failure Contingency	\$348,000
	Subtotal	\$3,027,000
Building Shell (Asset Preservation)		
Public Safety, Department of	Statewide Priorities-Roof Replacements	\$120,000
Exposition & State Fair Board, Arizona	Replace Cattle Barn Roof	\$460,000
Historical Society of Arizona, Prescott	Sharlot Hall Museum Center-Prescott-Replace Roof	\$137,000
State Forester	Flagstaff-Office Renovations	\$19,000
	Subtotal	\$736,000
Infrastructure		
Pioneers' Home, Arizona	Prescott - Replace Surface Parking Lot and Drives	\$150,000
State Forester	Flagstaff-Replace Surface Parking Lot	\$103,000
Administration, Arizona Department of	Capitol Mall - Replace and Repair Surface Parking Lots	\$250,000
Deaf and the Blind, Arizona State Schools for the	Tucson Day School Campus Food Services Building - Ground Settlement Repairs	\$145,000
Juvenile Corrections, Department of	Adobe Mountain School (AMS) and Black Canyon School (BCS) – Water Infrastructure Repairs	\$350,000
Administration, Arizona Department of	Capitol Mall Office Buildings - Replace Outdated Physical Security Monitoring System – Phase I	\$130,000
	Subtotal	\$1,128,000
Energy Conservation		
State Forester	Flagstaff - Replace Inefficient, Aging Light Fixtures	\$8,000
Pioneers' Home, Arizona	Prescott - Supplement Attic Insulation	\$20,000
	Subtotal	\$28,000
Building Interior; Finishes		
Administration, Arizona Department of	Capitol Mall Complex – Replace Carpet	\$300,000
Pioneers' Home, Arizona	Prescott – Replace Vinyl Flooring	\$100,000
	Subtotal	\$400,000
Project Management and Risk Management Construction Insurance Premium		
Project Management	Construction Services Project Management Costs	\$275,000
Risk Mgt Insurance	Risk Management Insurance Premium	\$1,000
	Subtotal	\$276,000
Total FY 2012 Building Renewal Appropriation		\$6,500,000

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
SENATE

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CHAIRMAN 2011
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ANDY BIGGS
RICH CRANDALL
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ANNA TOVAR

DATE: September 21, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: James Alcantar, Fiscal Analyst

SUBJECT: Arizona Department of Administration - Consider Recommending FY 2011 and FY 2012
Rent Exemptions

Request

A.R.S. § 41-792.01D authorizes the Director of the Arizona Department of Administration (ADOA), on recommendation from the Joint Committee on Capital Review, to grant a full or partial exemption from the payment of state-owned rental fees if the agency has vacated its space. ADOA requests the Committee recommend a partial rent exemption and corresponding \$1,900 increase in FY 2011, and 2 partial rent exemptions for FY 2012 totaling \$45,800.

Recommendation

The JLBC Staff recommends that the Committee recommend the proposed \$1,900 FY 2011 increased rent payment for AHCCCS and the corresponding \$1,900 partial rent exemption for the Department of Economic Security (DES). The JLBC Staff also recommends that the Committee recommend the proposed \$34,500 FY 2012 partial rent exemption for the Arizona Commission for the Deaf and Hard of Hearing (ACDHH), and the proposed \$11,300 FY 2012 partial rent exemption for the Arizona Department of Insurance (DOI).

Analysis

At the end of FY 2011, AHCCCS began renting 220 square feet of storage space that DES used to occupy in Kingman. As of September 1, 2011, 2,745 square feet of space at 1400 W. Washington was reallocated from ACDHH to ADOA. Also as of September 1, 2011, 897 square feet of space at 400 W. Congress in Tucson was reallocated from DOI to Rio Nuevo, which is an Arizona political subdivision. (A.R.S. § 41-791.02 authorizes ADOA to lease state-owned space at fair rental value to a political subdivision of the state.)

Statute permits an agency to request an exemption from paying their full rent on state-owned space. These requests would not reduce revenues to the Capital Outlay Stabilization Fund (COSF) since the

(Continued)

reduction in rent payments are being offset by another agency (or political subdivision) moving into the vacated space.

COSF collects monies from rents and tenant improvement charges to agencies occupying ADOA owned buildings. Monies are used to pay maintenance, utilities, construction, and administrative costs for state-owned buildings. These rent payments are deposited into COSF, which helps defray building renewal expenses and ADOA operating costs.

RS/JA:mt

Janice K. Brewer
Governor



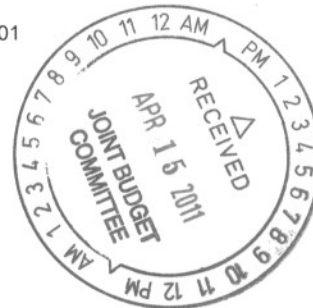
Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

100 NORTH FIFTEENTH AVENUE • ROOM 401
PHOENIX, ARIZONA 85007

(602) 542-1500



April 14, 2011

The Honorable Andy Biggs, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007

Dear Senator Biggs:

The Arizona Department of Administration (ADOA) requests the Joint Committee on Capital Review (JCCR) to recommend a *pro rata* exemption or "refund" of FY 2011 Capital Outlay Stabilization Fund (COSF) rent to the Arizona Department of Economic Security (DES) for mid-FY 2011 occupancy changes at the state-owned office building located at 519 Beale Avenue in Kingman, AZ in the amount of \$1,900.

Pursuant to A.R.S. § 41 - 791, ADOA is responsible for the allocation of space in state-owned and leased buildings. ADOA calculates *pro rata* increases or decreases to agency rents based on approved changes in occupancy. The ADOA Director may authorize a whole or partial exemption of the *pro rata* adjusted rent amount upon the recommendation of JCCR.

In January 2011, ADOA approved a 220 square feet reallocation of space from DES to the Arizona Health Care Cost Containment System (AHCCCS) resulting in \$1,900 of *pro rata* FY 2011 rent adjustments for DES and AHCCCS effective February 1, 2011. ADOA will invoice AHCCCS for the *pro rata* increase of FY 2011 rent.

Agency	FY 2011 COSF Rent 519 Beale, Kingman	FY 2011 Pro Rata Adjustment 02/01/11
DES	\$364,700	(\$1,900)
AHCCCS	\$15,300	\$1,900

The Honorable Andy Biggs
Pro Rata Rent Adjustments
April 14, 2011
Page 2 of 2

If you have any questions regarding ADOA's proposed pro rata rent adjustment for DES, please contact William Hernandez, Assistant Director, ADOA General Services Division (GSD) at 602-364-2872.

Sincerely,

A handwritten signature in black ink, appearing to read "Scott A. Smith", with a stylized flourish at the end.

Scott A. Smith
Director

- c: The Honorable John Kavanagh, Vice-Chair, JCCR
- Richard Stavneak, Director, JLBC
- Leatta McLaughlin, Assistant Director, JLBC
- John Arnold, Director, OSPB
- Jennifer Uharriet, Budget Analyst, OSPB
- Clarence H. Carter, Director, DES
- Tom Betlach, Director, AHCCCS
- Paul Shannon, Assistant Director, ADOA
- William Hernandez, Assistant Director, ADOA

Janice K. Brewer
Governor



Scott A. Smith
Director

ARIZONA DEPARTMENT OF ADMINISTRATION

OFFICE OF THE DIRECTOR

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PHOENIX, ARIZONA 85007

(602) 542-1500

September 6, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, Arizona 85007



Dear Senator Shooter:

As you know, A.R.S. § 41-792.01.D provides that the ADOA Director, on recommendation of JCCR, may authorize a whole or partial exemption from payment of a COSF rental fee if an agency does not occupy or vacates state-owned space after the beginning of the fiscal year.

The Arizona Department of Administration (ADOA) requests that the Joint Committee on Capital Review (JCCR) recommend Capital Outlay Stabilization Fund (COSF) rent exemptions for the reasons set for below. ADOA submits the following two agencies for consideration:

1. A prorated ten-month exemption of \$34,500 for the Arizona Commission for the Deaf and Hard of Hearing (ACDHH) from its FY 2012 COSF rent for occupancy of 2,745 square feet on the first floor at 1400 West Washington, Phoenix, AZ. The space is reallocated effective September 1, 2011. ADOA will be responsible for paying the exempted FY 2012 COSF amount.
2. A prorated ten-month exemption of \$11,250 for the Arizona Department of Insurance (ADI) from its FY 2012 COSF rent for occupancy of 897 square feet at 400 West Congress, Suite 152, Tucson, AZ. The space is reallocated to the Rio Nuevo Multi-Purpose Facilities District (Rio Nuevo), an Arizona political subdivision, effective approximately September 1, 2011. As background, ARS § 41-791.02 directs that ADOA may lease state-owned property at fair rental value, or on other terms and conditions, if the lessee is a political subdivision of this State. ADOA is leasing the state-owned space to Rio Nuevo at the COSF rent rate of \$15.08 per square foot, consistent with the rate charged to state agency tenants in state-owned space.

The Honorable Don Shooter
September 2, 2011
Page 2 of 2

If you have any questions regarding the foregoing proposed COSF rent exemptions, please contact William Hernandez, Assistant Director, ADOA General Services Division, at (602) 364-2872. I look forward to receiving the Committee's recommendation.

Sincerely,

A handwritten signature in black ink, appearing to read 'Scott A. Smith', with a stylized, flowing script.

Scott A. Smith

cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Jeff Grant, Deputy Director, ADOA
Paul Shannon, Assistant Director, ADOA
Bill Hernandez, Assistant Director, ADOA
Nola Barnes, General Manager, ADOA
John Arnold, Director, OSPB
Jennifer Uharriet, Budget Analyst, OSPB
Richard Stavneak, Director, JLBC Staff
Leatta McLaughlin, Assistant Director, JLBC Staff
Sherri Collins, Executive Director, ACDHH
Christina Urias, Director, ADI
Scott Greenburg, Chief Operating Officer, ADI

STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 21, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: James Alcantar, Fiscal Analyst

SUBJECT: State Department of Corrections - Review of FY 2012 Building Renewal Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies. The State Department of Corrections (ADC) requests the Committee review its FY 2012 Building Renewal Allocation Plan. Laws 2011, Chapter 33 established the Department of Corrections Building Renewal Fund, which is appropriated to the Arizona Department of Administration (ADOA) by Laws 2011, Chapter 25 for use in ADC. On behalf of ADOA, ADC is requesting review of its \$4,630,500 FY 2012 Building Renewal Allocation Plan.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

The proposed expenditure plan is consistent with building renewal guidelines and appropriations.

Under either option, the JLBC Staff recommends the provision that ADC shall report any change in the spending plan to the JLBC Staff, including reallocations between projects and allocations from the contingency plan. JLBC Staff also recommends the following provisions for the emergency contingency allocation:

1. ADC notify the Chairman and JLBC Staff that they plan to spend less than \$50,000 on an emergency project. ADC can proceed without Committee review.
2. If the emergency project is \$50,000 or greater, ADC will request JCCR review.

(Continued)

3. The Chairman can allow ADC to move forward with an emergency project of greater than \$50,000 without Committee review.
4. The Chairman will notify ADC if he does not agree that the project is an emergency and will request that ADC not proceed with the project.

An “emergency” project is defined as unforeseen, critical in nature, and of immediate time sensitivity. These provisions are similar to those used for prior contingency allocations.

Analysis

Building renewal appropriations provide for the major maintenance and repair of state-owned buildings. A total of \$4,630,500 was appropriated to ADOA for ADC use from the Department of Corrections Building Renewal Fund in FY 2012. Of this amount, \$4,232,000 is for building renewal, \$226,100 is for preventative maintenance, \$169,300 is for contingency, and \$3,100 is for Risk Management Insurance. The Department of Corrections Building Renewal Fund is permitted to use 8% of its appropriation for preventative maintenance; ADC has not determined the exact use of these funds yet. The FY 2012 Building Renewal Allocation Plan consists of the following projects:

FY 2012 Building Renewal Allocation Plan	
<u>Locking Systems by Complex/Unit</u>	
Eyman/Rynning	\$450,000
Perryville/Lumley	315,300
Winslow/Kaibab	225,200
Tucson/Cimarron	160,700
Lewis/Morey	123,700
Lewis/Buckley	121,400
Eyman/SMU 1	77,400
Lewis/Rast	60,700
Florence/South	46,900
Perryville/CDU	33,900
Phoenix/Alhambra	33,000
Winslow/Apache	6,200
Lewis/Bachman	2,400
Lewis/Stiner	2,400
Subtotal	<u>\$1,659,200</u>
<u>Perimeter Electronic Security Systems by Complex/Unit</u>	
Tucson	\$1,337,700
Perryville/Lumley	479,500
Winslow/Kaibab	<u>435,600</u>
Subtotal	<u>\$2,252,800</u>
<u>Well and Water Systems</u>	
Lewis – Well Motor Conversions	\$200,000
Lewis – Well Pump Upgrade	<u>120,000</u>
Subtotal	<u>\$320,000</u>
<u>Other</u>	
Preventative Maintenance	\$226,100
Emergency & Imminent Failure Contingency	169,300
Risk Management Insurance Premium	<u>3,100</u>
Subtotal	<u>\$398,500</u>
TOTAL	<u>\$4,630,500</u>

(Continued)

The following provides an overview of the amounts allocated to different categories of projects. The attached materials submitted by ADC provide more detail on the individual projects.

Locking Systems

A total of \$1,659,200 would be allocated to 14 different locking system projects. Of this amount, \$1,019,600 would upgrade existing computer and software control systems. The remaining \$639,600 would upgrade physical doors and locks. According to ADC, the computer and software control systems are outdated, resulting in additional staff needed to manually open and lock cell doors.

Perimeter Electronic Security Systems

A total of \$2,252,800 would be allocated to 3 different perimeter electronic security systems that have reached the end of their 30-year service lives. These electronic systems provide notification when a person approaches the perimeter fence. ADC indicates that because of their age, the electronic security systems are prone to failure several times each week. When these systems go down, additional staff is needed to guard the perimeter of the prison.

Well and Water Systems

A total of \$320,000 would be allocated to 2 different projects at the Lewis Complex to refurbish well equipment that have reached the end of their useful lives. One of the projects would replace 2 natural gas fired motors that often break down. The other project would replace the corroded bowl assemblies on one of its submersible pumps.

Other

For preventative maintenance projects, \$226,100 would be allocated. A total of \$169,300 would be allocated for contingency, and a payment of \$3,100 would be paid for a Risk Management Insurance Premium.

RS/JA:mt

Arizona Department of Corrections



JANICE K. BREWER
GOVERNOR

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PHOENIX, ARIZONA 85007
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CHARLES L. RYAN
DIRECTOR

September 7, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona House of Representatives
1700 West Washington
Phoenix, Arizona 85007



Dear Senator Shooter:


The Arizona Department of Corrections (ADC) requests to be placed on the September 28, 2011 meeting agenda of the Joint Committee on Capital Review (JCCR) for its review of the following item:

1. ADC Building Renewal Appropriation (\$4,630,500) Allocation Plan.

ADC is including supporting documentation for this Capital Appropriation Plan as enclosures to this meeting agenda request.

If you have any questions regarding any of the proposed items, please contact Michael Kearns, Division Director, Administrative Services Division, at (602) 542-1160.

Sincerely,


Charles L. Ryan
Director

Enclosures

Cc: The Honorable John Kavanagh, Vice-Chairman, JCCR
Richard Stavneak, Director, JLBC Staff
Leatta McLaughlin, Fiscal Analyst, JLBC Staff
Stefan Sheapard, Fiscal Analyst, JLBC Staff
James Alcantar, Fiscal Analyst, JLBC Staff
John Arnold, Director, OSPB
Jennifer Uharriet, Budget Analyst, OSPB
Brandon Nee, Budget Analyst, OSPB

Fire & Life Safety

\$1,659,245: Repair non-functional, out of date, prison locking and control systems at various prison locations.

ASPC-Eyman / Rynning Unit \$450,000

The existing locking control system at this close custody prison unit which houses 800 inmates is outdated and the automated controls are for the most part non-functional. The systems non-functional status requires staff levels to be increased due to locks having to be manually cycled as the automated controls are not fully functional and outdated. The design work for this project is complete and purchase and installation of new computer equipment, locks, controls and control wiring will complete the process of refurbishing this outdated and non-functional system and restore the originally designed security features to this prison unit.

ASPC-Eyman / Special Management Unit I \$77,435

The shower doors and locking systems at this maximum custody prison unit have been in service for 24 years and due to constant exposure to moisture have deteriorated to the point of becoming a security risk to staff and inmates. The shower doors, frames and locks have rusted to the point where in many cases they have become non-functional and must be replaced as they serve an inmate population of 1040 maximum custody inmates. The current condition of the shower doors and locks does not allow staff to secure the inmates in the showers which is required by their custody level which creates an inmate and staff safety issue.

ASPC-Perryville / Complex Detention Unit \$ 33,861

The door control and locking systems at the maximum custody complex detention unit have become unreliable and outdated. The original equipment installed 30 years ago is still in use and needs to be updated to provide for staff and inmate safety. The existing system fails to perform as designed on a regular basis which requires additional staff to be utilized to insure proper security practices are followed for this maximum custody unit. The current outdated system if continued to be utilized creates increasing staff and inmate safety issues.

ASPC-Perryville / Lumley Unit \$315,376

The shower doors and locking systems at this prison unit have been in service for 30 years and due to constant exposure to moisture have deteriorated to the point of becoming a security risk to staff and inmates. The shower doors, frames and locks have rusted to the point where in many cases they have become non-functional and must be replaced as they serve an inmate population of 600 medium, close and maximum custody inmates. The current condition of the shower doors and locks does not allow staff to secure the inmates in the showers which is required by their custody level which creates an inmate and staff safety issue.

ASPC-Phoenix / Alhambra Unit \$32,989

The sallyport doors at this maximum custody prison unit have outlived their service life and are in need of replacement. This unit is the intake center for all male ADC inmates and is required to maintain a maximum level of security. The existing doors are fast becoming non-functional and need to be replaced and have the proper interlock control devices installed. The redesign and installation of a new door and control system is needed to insure staff and inmate safety and maintain the security required for a maximum custody prison unit.

ASPC-Lewis / Buckley / Morey / Rast Units \$305,788

The locking systems and controls at these three close custody prison units all located at the Lewis prison complex are the original equipment installed 22 years ago and have reached the end of their service life. The existing system fails to perform as designed on a regular basis which requires additional staff to be utilized to insure proper security practices are followed for this close custody unit. The automated door controls have become unreliable and in many cases, non-functional which creates a safety and security risk for staff and inmates. The redesign and installation of a new locking and control systems is needed to insure staff and inmate safety and maintain the security required for a close custody prison unit.

ASPC-Tucson / Cimarron Unit \$160,785

The locking systems and controls at this close custody prison unit have come to the end of their service life and in many cases are non-functional. The shower doors, frames and locks due to years of exposure to moisture have become rusted and need replacement. The current condition of the shower doors and locks does not allow staff to secure the inmates in the showers which is required by their custody level which creates an inmate and staff safety issue. The replacement of the shower doors and locks as well as various locks throughout this close custody prison unit is needed to insure staff and inmate safety and security.

ASPC-Winslow / Kaibab Unit \$225,262

The locking systems and controls at this close custody prison unit have come to the end of their service life and in many cases are non-functional. The existing system fails to perform as designed on a regular basis which requires additional staff to be utilized to insure proper security practices are followed for this close custody unit. The automated door controls have become unreliable and in many cases, non-functional which creates a safety and security risk for staff and inmates. The redesign and installation of a new locking and control systems is needed to insure staff and inmate safety and maintain the security required for a close custody prison unit.

ASPC-Florence / South Unit \$46,850

Various locks and locking systems throughout this medium custody prison unit have reached the end of their service life and need to be replaced. The locks and locking systems have been in service for 33 years and are no longer performing as designed. The failure of these locks and locking systems presents a serious security and safety issue for staff and inmates.

ASPC-Lewis / Stiner / Bachman Units \$4,700

The software that controls the locking systems at these two prison units has become outdated and does not properly control the doors and locks for these units. A software upgrade is needed for each of these units to insure safety and security for staff and inmates.

ASPC-Winslow / Apache Unit \$6,199

Various locks and locking systems throughout this prison unit have reached the end of their service life and need to be replaced. The locks and locking systems have been in service for 21 years and are no longer performing as designed. The failure of these locks and locking systems presents a serious security and safety issue for staff and inmates.

Fire & Life Safety

\$2,252,755: Replacement of end of service life, perimeter detection systems at 3 prison locations.

ASPC-Tucson \$1,337,686

The underground, ported cable perimeter detection system at ASPC-Tucson has outlived its service life and is in need of replacement. The ported cable perimeter detection system provides an electronic notification in the event that inmates approach the perimeter fence at the prison. The current complex wide, underground perimeter detection system has been in service since 1985 and has reached the end of its service life. The system itself is prone to failure several times each week due to the buried cables being compromised due to exposure to underground elements since 1985. Upon failure of the system, additional officers are posted on the perimeter until a vendor can replace the portion of the cable that has failed. To insure public safety, a new ported cable detection system needs to be installed to insure proper notification is made to staff when inmates approach a perimeter fence.

ASPC-Perryville / Lumley Unit \$479,462

The underground, ported cable perimeter detection system at the maximum custody Lumley unit has outlived its service life and is in need of replacement. The ported cable perimeter detection system provides an electronic notification in the event that inmates approach the perimeter fence at the prison unit. The current underground perimeter detection system has been in service for 30 years and has reached the end of its service life. The system itself is prone to failure several times each week due to the buried cables being compromised due to exposure to underground elements for 30 years. Upon failure of the system, additional officers are posted on the perimeter until a vendor can replace the portion of the cable that has failed. To insure public safety, a new ported cable detection system needs to be installed to insure proper notification is made to staff when inmates approach a perimeter fence.

ASPC-Winslow / Kiabab Unit \$435,607

The underground, ported cable perimeter detection system at the close custody Kiabab unit has outlived its service life and is in need of replacement. The ported cable perimeter detection system provides an electronic notification in the event that inmates approach the perimeter fence at the prison unit. The current underground perimeter detection system has been in service for 30 years and has reached the end of its service life. The system itself is prone to failure several times each week due to the buried cables being compromised due to exposure the underground elements for 30 years. Upon failure of the system, additional officers are posted on the perimeter until a vendor can replace the portion of the cable that has failed. To insure public safety, a new ported cable detection system needs to be installed to insure proper notification is made to staff when inmates approach a perimeter fence.

Infrastructure:

\$320,000: Refurbishment of well equipment

ASPC-Lewis \$200,000

Wells 3 & 4 at ASPC-Lewis have two natural gas fired motors that are well beyond their service life and need to be replaced. The Lewis prison complex wells are the only water source for the prison which uses 1.2 million gallons of water per day. The existing motors break down often which creates a dependency on only one well to meet the daily water demands of the prison. The existing motors have been rebuilt several times; however, they have now reached a point where additional service to the motors is not cost effective. If both motors fail simultaneously, the cost to truck in water to the prison is estimated at \$35,000 per day. ADC proposes to replace the two well motors with either new gas fired motors or convert the two wells to electric motors to insure a reliable water source for the prison complex.

ASPC-Lewis \$120,000

Well number 3 at ASPC-Lewis has internal, submersible pump and bowl assemblies that are made of cast iron materials. The assemblies corrode often due to the highly corrosive water in the aquifer to the point of failure and have to be pulled from the well, cleaned, reassembled and put back in service at a cost of several thousand dollars at each occurrence. These assemblies failed twice in the last 13 months and will continue to be an issue if not replaced. ADC plans to replace the cast iron well parts with 316 stainless steel components which are very corrosion resistant which will eliminate the frequent failures of the well pump system.

Subtotal: \$4,232,000

Contingency: \$169,280

Project management fees: There will be no project management fees associated with the above projects as ADC has existing project management staff.

Risk Management Insurance Premium: \$3,060

Total Renewal Project Costs: \$4,404,340

Preventive Maintenance Fund: \$226,160

Total Appropriation: \$4,630,500

ARIZONA DEPARTMENT OF CORRECTIONS
FY 2012 CAPITAL IMPROVEMENT PLAN
ONE YEAR CAPITAL RENEWAL PROJECTS

PRISON LOCKING SYSTEMS

Project Number	Institution	Project Name	Project Description	Budget	Project Manager
5113-01-12	EYMAN / RYNNING	LOCKING SYSTEM	COMPLETE LOCKING SYSTEM INSTALLATION FROM ARRA PROJECT	\$450,000	Cherie
5113-02-12	EYMAN / SMU I	LOCKING SYSTEMS SMU I	REPLACEMENT OF RUSTING DOORS / SHOWER DOORS	\$77,435	Cherie
5600-01-12	PERRYVILLE / CDU	LOCKING SYSTEMS COMPLEX	REPLACE CDU DOORS AND CONTROL PANELS	\$33,861	Cherie
5600-02-12	PERRYVILLE / LUMLEY	LOCKING SYSTEMS LUMLEY	REPLACE SHOWER DOORS	\$315,376	Cherie
1000-01-12	PHOENIX / ALHAMBRA	LOCKING SYSTEMS ALHAMBRA	REPLACE SALLYPORT DOORS	\$32,989	Ralph
5500-04-12	LEWIS / BUCKLEY	LOCKING SYSTEMS BUCKLEY	REPLACE SOFTWARE	\$121,375	Ralph
5500-05-12	LEWIS / MOREY	LOCKING SYSTEMS MOREY	REPLACE SOFTWARE	\$123,725	Ralph
5500-06-12	LEWIS / RAST	LOCKING SYSTEMS RAST	REPLACE SOFTWARE	\$60,688	Ralph
5700-04-12	TUCSON / CIMARRON	LOCKING SYSTEMS CIMMARON	REPLACE LOCKS THROUGHOUT THE UNIT AND SHOWER DOORS AND LOCKS	\$160,785	Cherie
6100-01-12	WINSLOW / KAIBAB	LOCKING SYSTEMS KAIBAB	REPLACE LOCKING SYSTEMS IN CLOSE CUSTODY AREAS	\$225,262	Ralph
5000-01-12	FLORENCE / SOUTH	LOCKING SYSTEMS SOUTH UNIT	REPLACEMENT OF FAILING SECURITY DOORS AND LOCKS	\$46,850	Cherie
5500-07-12	LEWIS / STINER	LOCKING SYSTEMS STINER	REPLACE SOFTWARE	\$2,350	Ralph
5500-08-12	LEWIS / BACHMAN	LOCKING SYSTEMS BACHMAN	REPLACE CDU SOFTWARE	\$2,350	Ralph
6100-02-12	WINSLOW / APACHE	LOCKING SYSTEMS APACHE	REPLACE LOCKS AND DOORS THROUGHOUT VARIOUS AREAS OF THE UNIT	\$6,199	Ralph
TOTAL				\$1,659,245	

WELL AND WATER SYSTEMS

5500-02-12	LEWIS	WELL MOTOR CONVERSIONS	UPGRADE WELL MOTORS ON WELLS 3 AND 4	\$200,000	Tony
5500-03-12	LEWIS	WELL PUMP UPGRADE	UPGRADE INTERNAL PUMP AND BOWLS TO STAINLESS STEEL	\$120,000	Tony
TOTAL				\$320,000	

PERIMETER ELECTRONIC SECURITY SYSTEMS

Project Number	Institution	Project Name	Project Description	Total Costs	Project Manager
5700-05-12	TUCSON COMPLEX	TUCSON COMPLEX ELECTRONIC PERIMETER	REPLACE 18,000 LINEAR FEET OF ELECTRONIC PERIMETER SYSTEM	\$1,337,686	Tony
5600-03-12	PERRYVILLE LUMLEY	PERRYVILLE LUMLEY ELECTRONIC PERIMETER	REPLACE 4500 LINEAR FEET OF ELECTRONIC PERIMETER	\$479,462	Tony
6100-03-12	WINSLOW KAIBAB	WINSLOW KAIBAB ELECTRONIC PERIMETER	REPLACE 5230 LINEAR FEET OF ELECTRONIC PERIMETER	\$435,607	Tony
TOTAL				\$2,252,755	

GRAND TOTAL \$4,232,000

STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 21, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Benjamin Beutler, Fiscal Analyst

SUBJECT: Arizona Department of Transportation - Review of FY 2012 Building Renewal
Allocation Plan

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for building renewal monies prior to expenditure. The Arizona Department of Transportation (ADOT) requests that the Committee review its \$1,050,000 FY 2012 Building Renewal Allocation Plan, including \$1,000,000 from the State Highway Fund and \$50,000 from the State Aviation Fund.

ADOT has allocated \$1,000,000 from the State Highway Fund among 68 projects, leaving a contingency balance of \$17,000 and \$80,000 for project management support. ADOT has also allocated \$50,000 from the State Aviation Fund for 4 projects.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review.
2. An unfavorable review.

The proposed expenditure plan is consistent with building renewal guidelines and appropriations.

Under either option, the JLBC Staff recommends the provision that ADOT report any project reallocations above \$100,000.

(Continued)

Analysis

The FY 2012 Capital Outlay Bill (Laws 2011, Chapter 25) appropriated a total of \$1,050,000 for building renewal in FY 2012, including \$1,000,000 from the State Highway Fund and \$50,000 from the State Aviation Fund. The FY 2012 Building Renewal appropriation represents 10.6% of the amount generated by the revised building renewal formula for the ADOT Building System and 30.9% for the Grand Canyon Airport for FY 2012. The formula is based on the square footage and replacement cost of existing buildings.

ADOT expects to allocate the Building Renewal monies from the State Highway Fund in the following categories for 68 projects:

<u>Category</u>	<u>Projects</u>	<u>State Highway Fund</u>	<u>% of Total</u>
Roof Repairs/Replacement	42	\$ 524,100	52.4%
Building Systems (HVAC, Electrical, Plumbing)	9	140,000	14.0%
Fire/Life Safety	8	116,200	11.6%
Project Management Support	NA	80,000	8.0%
Infrastructure (Sewers, Wells)	4	77,000	7.7%
Exterior Preservation (Doors, Windows, Siding)	4	39,700	4.0%
Contingency	NA	17,000	1.7%
Americans with Disabilities Act	<u>1</u>	<u>6,000</u>	<u>0.6%</u>
Total	68	\$1,000,000	100.0%

Of the 68 State Highway Fund projects, 2 require \$50,000 or more. The first project will repair the failing roof for the Williams Storage/Equipment Building at a cost of \$65,500. The second project will repair/replace the failing roof for the Tucson Regional MVD Building at a cost of \$84,300.

ADOT expects to allocate the Building Renewal monies from the State Aviation Fund in the following categories for 4 projects:

<u>Category</u>	<u>Projects</u>	<u>State Aviation Fund</u>	<u>% of Total</u>
Exterior Preservation (Doors, Windows)	2	\$28,000	56.0%
Infrastructure (Water Systems, Gates)	<u>2</u>	<u>22,000</u>	<u>44.0%</u>
Total	4	\$50,000	100.0%

The attached material submitted by ADOT lists each project and its estimated cost.

RS/BB:sls



Arizona Department of Transportation

Office of the Director

206 South Seventeenth Avenue Phoenix, Arizona 85007-3213

Janice K. Brewer
Governor

John S. Halikowski
Director

September 12, 2011

John A. Bogert
Chief of Operations

John McGee
Executive Director
for Planning & Policy

The Honorable Don Shooter
Chairman
Joint Committee on Capital Review
1716 W. Adams Street
Phoenix, Arizona 85007



Dear Senator Shooter:

We respectfully request that the Arizona Department of Transportation (ADOT) planned FY2012 Building Renewal projects be placed on the next JCCR meeting agenda for review and approval.

The following summary outlines the scope of work:

State Highways Fund Building Renewal Projects:

Category 1- Fire/Life/Safety	\$ 116,200
Category 2- Roof Repairs/Replacement	524,114
Category 3- Preservation of Asset	39,686
Category 4- Major Building Systems	140,000
Category 7- ADA Compliance	6,000
Category 8- Infrastructure	77,000
Project Management Support	80,000
Contingency	<u>17,000</u>
Sub total	\$ <u>1,000,000</u>

Aviation Fund Building Renewal Projects

Category 3- Preservation of Asset	28,000
Category 8- Infrastructure	<u>22,000</u>
Sub total	<u>50,000</u>

FY2012 Total \$ 1,050,000

Project details are attached. Your favorable review and approval of our request is appreciated.

Sincerely,


John S. Halikowski

cc: Richard Stavneak, JLBC
Ben Beutler, JLBC
Scott Selin, OSPB
John Hetzel, ADOT

STATE OF ARIZONA
FY 2012 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2012 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
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STATE HIGHWAY FUND

CATEGORY 1 - FIRE/LIFE SAFETY

Superior Maintenance Equipment Shed Bldg 2075 - Repair siding & regrade water runoff	\$ 40,000
Chambers Asphalt Tank - Design, fabricate & install safety catwalk to access top of asphalt tank	\$ 16,000
Holbrook Asphalt Tank - Design, fabricate & install safety catwalk to access top of asphalt tank	\$ 16,000
Tonopah Truck Barn Bldg 2046 - Remove safety hazard by filling in old pit in bay floor	\$ 4,000
Parker Maintenance Site 296 - Replace failing steps	\$ 5,000
Phoenix Permits Bldg. 1801 - Connect fire sprinkler system to city water main	\$ 20,000
ADOT Statewide - Asbestos and lead paint abatement	\$ 5,000
Window Rock MVD Bldg 3362 - Replace fire alarm system	\$ 10,200
TOTAL	\$ 116,200

CATEGORY 2 - ROOFS

Williams Water System/Pump House Bldg 3107 - Replace failing roof	\$ 6,495
Williams Storage Bldg 3111 - Replace failing roof	\$ 2,495
Williams Storage/Equipment Bldg 3112 - Repair failing roof	\$ 65,495
Williams Crew Room Bldg 3114 - Replace failing roof	\$ 7,000
Williams Fuel Island Bldg 3443 - Replace failing roof	\$ 5,495
Indian Pine Water System/Well House Bldg 3518 - Replace failing roof	\$ 1,150
Show Low Storage Bldg 3627 - Replace failing roof	\$ 1,150
Show Low Lab Bldg 3625 - Replace failing roof	\$ 7,495
Show Low Office Signing and Striping Bldg 3277 - Repair failing roof	\$ 7,295
Show Low Storage Bldg 3404 - Replace failing roof	\$ 1,195
Show Low Conference/Training/Mobile Bldg 3280 - Repair failing roof	\$ 3,695
Snowflake Office/Traffic Signs Bldg 3282 - Repair failing roof	\$ 3,382
Needle Mountain Bldg 3531 - Replace roof	\$ 8,500
Payson Storage/Modular Bldg 3648 - Replace failing roof	\$ 9,870
Payson Fuel Station Bldg 3638 - Replace failing roof	\$ 4,595
Payson Lab Bldg 3166 - Repair failing roof	\$ 7,500
Payson Conference/Training/Modular Bldg 3171 - Repair failing roof	\$ 6,595
Payson Equipment Storage/Office Bldg 3169 - Repair failing roof	\$ 17,275
Payson Sign/Storage Bldg 3168 - Repair failing roof	\$ 2,495
Payson Office/Storage/Dock Bldg 3170 - Replace failing roof	\$ 7,495
Colcord Office/Equipment Storage Bldg 3186 - Replace failing roof	\$ 2,290
Colcord Storage/Sign Bldg 3690 - Replace failing roof	\$ 1,250
Colcord Storage Bldg 3691 - Replace failing roof	\$ 1,000
Tucson District Permits/Annex Bldg 2184 - Repair damaged roof areas and seal masonry walls	\$ 18,000
Tucson Construction Office Bldg 2155 - Re-coat foam roof	\$ 20,000
Tucson Grant Road Traffic Operations Bldg 2187 - Re-coat foam roof	\$ 6,800
Tucson Grand Road Carpenter Shop Bldg 2188 - Recoat foam roof	\$ 6,800
Tucson Grant Road Maintenance Office Bldg 2189 - Re-coat foam roof	\$ 19,000
Tucson Grant Road Facilities Office Bldg 2190 - Re-coat foam roof	\$ 6,800
Tucson Construction Warehouse Bldg 2526 - Repair/replace roof	\$ 4,000
St. Johns Equipment Services Shop Bldg 3315 - Repair failing roof	\$ 5,725
Phoenix Equipment Services Get Ready Shop Bldg 1761 - Remove and replace unserviceable skylights	\$ 6,500
Phoenix Equipment Services Complex Bldg 1754/55/56 - Repair roofs	\$ 25,000
Phoenix Durango Maint Yard Bldg 1728 - Apply roof coat	\$ 11,000
Winslow MVD Bldg 3227 - Repair failing roof	\$ 15,525
Page Office/MVD/POE Bldg 3300 - Repair failing roof	\$ 8,500
Glendale MVD Bldg 1421- Repair leaking roof	\$ 30,000
Southeast Mesa MVD Bldg 1331 - Repair leaking roof	\$ 30,000
Nogales MVD Bldg 2167 - Repair/replace failing roof	\$ 27,000
Tucson Regional MVD Bldg 2150 - Repair/replace failing roof	\$ 84,257

STATE OF ARIZONA
FY 2012 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2012 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
Tucson East MVD Bldg 2151 - Repair failing roof	\$ 8,000
ADOT Statewide - Repair roofs	\$ 10,000
TOTAL	\$ 524,114

CATEGORY 3 - PRESERVATION OF ASSET	
Materials Group Tucson Regional Lab Bldg 2158 - Repaint exterior	\$ 10,000
Traffic Operations Admin Bldg 1741 - Repaint exterior wood trim	\$ 4,000
Safford MVD Bldg 2133 - Repaint and repair exterior wood trim	\$ 10,686
Administration Bldg 1005B - Repair damaged equipment overhang	\$ 15,000
TOTAL	\$ 39,686

CATEGORY 4 - MAJOR BUILDING SYSTEMS	
Grey Peak Modular Residence Bldg 2144 - Replace aging, inefficient furnace	\$ 7,000
Wilcox Construction Lab Bldg 2587 - Repair/replace failing drain system	\$ 3,000
Safford District Office Bldg 2134 - Replace three failing inefficient HVAC units	\$ 40,000
ADOT Statewide - Repair HVAC systems	\$ 40,000
ADOT Statewide - Repair plumbing systems	\$ 10,000
ADOT Statewide - Repair electrical systems	\$ 10,000
ADOT Statewide - Retrofit unserviceable light fixtures	\$ 5,000
Fredonia Equipment Services Shop Bldg 3219 - Design to replace outdated electrical system	\$ 20,000
MVD Facilities - Repair HVAC systems	\$ 5,000
TOTAL	\$ 140,000

CATEGORY 7 - ADA COMPLIANCE	
Safford MVD Bldg 2133 - Repaint ADA parking lot lines	\$ 6,000
TOTAL	\$ 6,000

CATEGORY 8 - INFRASTRUCTURE	
Kingman District Office Site 428 - Repair sewer lines	\$ 25,000
Quartzsite Maintenance Yard Site 204 - Design for connection to city water line	\$ 35,000
Globe Operations Yard Site 228 - Repair failing sanitary sewer line	\$ 12,000
ADOT Statewide - Repair well systems	\$ 5,000
TOTAL	\$ 77,000

TOTAL OF ALL PROJECTS REQUESTED	\$ 903,000
PROJECT MANAGEMENT SUPPORT	\$ 80,000
CONTINGENCY	\$ 17,000
TOTAL AUTHORIZED FUNDS	\$ 1,000,000

RECAP	
CATEGORY 1 - FIRE/LIFE/SAFETY	\$ 116,200
CATEGORY 2 - ROOFS	\$ 524,114
CATEGORY 3 - PRESERVATION OF ASSET	\$ 39,686
CATEGORY 4 - MAJOR BUILDING SYSTEMS	\$ 140,000
CATEGORY 5 - INTERIOR BUILDING FINISHES	\$ -
CATEGORY 6 - RECONFIGURE OR REMODEL	\$ -
CATEGORY 7 - ADA COMPLIANCE	\$ 6,000
CATEGORY 8 - INFRASTRUCTURE	\$ 77,000
PROJECT MANAGEMENT SUPPORT	\$ 80,000

STATE OF ARIZONA
 FY 2012 CAPITAL IMPROVEMENT PLAN
 DEPARTMENT OF TRANSPORTATION FY 2012 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
CONTINGENCY	\$ 17,000
TOTAL	\$ 1,000,000

STATE OF ARIZONA
FY 2012 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2012 FINAL BUILDING RENEWAL PROJECT LIST - BY CATEGORY

Project Description	Estimated Cost
---------------------	----------------

STATE AVIATION FUND

CATEGORY 3 - PRESERVATION OF ASSET	
Grand Canyon Airport Bldg 3551 - Overhaul automatic doors through outthe terminal	\$ 13,000
Grand Canyon Residences 3557, 3558, 3560, 3564, 3587 - Replace faulty hermatically sealed windows	\$ 15,000
TOTAL	\$ 28,000

CATEGORY 8 - INFRASTRUCTURE	
Grand Canyon Airport Site 463 - Water and Wastewater repairs	\$ 17,000
Grand Canyon Airport Site 463 - Replace faully automatic gate closures on 13 gates using in house labor	\$ 5,000
TOTAL	\$ 22,000

TOTAL OF ALL PROJECTS REQUESTED	\$ 50,000
CONTINGENCY	\$ -
TOTAL AUTHORIZED FUNDS	\$ 50,000

RECAP	
CATEGORY 3 - PRESERVATION OF ASSET	\$ 28,000
CATEGORY 8 - INFRASTRUCTURE	\$ 22,000
TOTAL	\$ 50,000

STATE OF ARIZONA
FY 2012 CAPITAL IMPROVEMENT PLAN
DEPARTMENT OF TRANSPORTATION FY 2012 FINAL BUILDING RENEWAL PROJECT LIST - BY ORGANIZATION

Project Description	Project Cost	Dist/Div	Category Number *	Region
INTERMODAL TRANSPORTATION DIVISION				
Materials Group Tucson Regional Lab Bldg 2158 - Repaint exterior	\$ 10,000	ITD	3	S
Traffic Operations Admin Bldg 1741 - Repaint exterior wood trim	\$ 4,000	ITD	3	C
TOTAL	\$ 14,000			
FLAGSTAFF DISTRICT				
Williams Water System/Pump House Bldg 3107 - Replace failing roof	\$ 6,495	F	2	N
Williams Storage Bldg 3111 - Replace failing roof	\$ 2,495	F	2	N
Williams Storage/Equipment Bldg 3112 - Repair failing roof	\$ 65,495	F	2	N
Williams Crew Room Bldg 3114 - Replace failing roof	\$ 7,000	F	2	N
Williams Fuel Island Bldg 3443 - Replace failing roof	\$ 5,495	F	2	N
TOTAL	\$ 86,980			
GLOBE DISTRICT				
Superior Maintenance Equipment Shed Bldg 2075 - Repair siding & regrade water runoff	\$ 40,000	G	1	N
Indian Pine Water System/Well House Bldg 3518 - Replace failing roof	\$ 1,150	G	2	N
Show Low Storage Bldg 3627 - Replace failing roof	\$ 1,150	G	2	N
Show Low Lab Bldg 3625 - Replace failing roof	\$ 7,495	G	2	N
Show Low Office Signing and Striping Bldg 3277 - Repair failing roof	\$ 7,295	G	2	N
Show Low Storage Bldg 3404 - Replace failing roof	\$ 1,195	G	2	N
Show Low Conference/Training/Mobile Bldg 3280 - Repair failing roof	\$ 3,695	G	2	N
Snowflake Office/Traffic Signs Bldg 3282 - Repair failing roof	\$ 3,382	G	2	N
Globe Operations Yard Site 228 - Repair failing sanitary sewer lines	\$ 12,000	G	8	N
TOTAL	\$ 77,362			
KINGMAN DISTRICT				
Needle Mountain Bldg 3531 - Replace roof	\$ 8,500	K	2	N
Kingman District Office Site 428 - Repair sewer line	\$ 25,000	K	8	N
TOTAL	\$ 33,500			
PRESCOTT DISTRICT				
Payson Storage/Modular Bldg 3648 - Replace failing roof	\$ 9,870	P	2	N
Payson Fuel Station Bldg 3638 - Replace failing roof	\$ 4,595	P	2	N
Payson Lab Bldg 3166 - Repair failing roof	\$ 7,500	P	2	N
Payson Conference/Training/Modular Bldg 3171 - Repair failing roof	\$ 6,595	P	2	N
Payson Equipment Storage/Office Bldg 3169 - Repair failing roof	\$ 17,275	P	2	N
Payson Sign/Storage Bldg 3168 - Repair failing roof	\$ 2,495	P	2	N
Payson Office/Storage/Dock Bldg 3170 - Replace failing roof	\$ 7,495	P	2	N
Colcord Office/Equipment Storage Bldg 3186 - Replace failing roof	\$ 2,290	P	2	N
Colcord Storage/Sign Bldg 3690 - Replace failing roof	\$ 1,250	P	2	N
Colcord Storage Bldg 3691 - Replace failing roof	\$ 1,000	P	2	N
TOTAL	\$ 60,365			
HOLBROOK DISTRICT				
Chambers Asphalt Tank - Design, fabricate & install safety catwalk to access top of asphalt tank	\$ 16,000	H	1	N
Holbrook Asphalt Tank - Design, fabricate & install safety catwalk to access top of asphalt tank	\$ 16,000	H	1	N
TOTAL	\$ 32,000			
SAFFORD DISTRICT				
Grey Peak Modular Residence Bldg 2144 - Replace aging, inefficient furnace	\$ 7,000	S	4	S
Wilcox Construction Lab Bldg 2587 - Repair/replace failing drain system	\$ 3,000	S	4	S
Safford District Office Bldg 2134 - Replace three failing inefficient HVAC units	\$ 40,000	S	4	S
TOTAL	\$ 50,000			
TUCSON DISTRICT				
Tucson District Permits/Annex Bldg 2184 - Repair damaged roof areas and seal masonry walls	\$ 18,000	T	2	S
Tucson Construction Office Bldg 2155 - Re-coat foam roof	\$ 20,000	T	2	S
Tucson Grant Road Traffic Operations Bldg 2187 - Re-coat foam roof	\$ 6,800	T	2	S
Tucson Grand Road Carpenter Shop Bldg 2188 - Recoat foam roof	\$ 6,800	T	2	S
Tucson Grant Road Maintenance Office Bldg 2189 - Re-coat foam roof	\$ 19,000	T	2	S
Tucson Grant Road Facilities Office Bldg 2190 - Re-coat foam roof	\$ 6,800	T	2	S
Tucson Construction Warehouse Bldg 2526 - Repair/replace roof	\$ 4,000	T	2	S
TOTAL	\$ 81,400			
YUMA DISTRICT				
Tonopah Truck Barn Bldg 2046 - Remove safety hazard by filling in old pit in bay floor	\$ 4,000	Y	1	S
Parker Maintenance Site 296 - Replace failing steps	\$ 5,000	Y	1	S
Quartzsite Maintenance Yard Site 204 - Design for connection to city water line	\$ 35,000	Y	8	S

	TOTAL	\$	44,000			
EQUIPMENT SERVICES						
St. Johns Equipment Services Shop Bldg 3315 - Repair failing roof	\$	5,725	EQS	2	N	
Phoenix Equipment Services Get Ready Shop Bldg 1761 - Remove and replace unserviceable skylights	\$	6,500	EQS	2	C	
Phoenix Equipment Services Complex Bldg 1754/55/56 - Repair roofs	\$	25,000	EQS	2	C	
Redonia Equipment Services Shop Bldg 3219 - Design to replace outdated electrical system	\$	20,000	EQS	4	N	
TOTAL	\$	57,225				
PHOENIX MAINTENANCE DISTRICT						
Phoenix Permits Bldg. 1801 - Connect fire sprinkler system to city water main	\$	20,000	PMD	1	C	
Phoenix Durango Maint Yard Bldg 1728 - Apply roof coat	\$	11,000	PMD	2	C	
TOTAL	\$	31,000				
PHOENIX CONSTRUCTION DISTRICT						
TOTAL	\$	-				
ARIZONA HIGHWAYS MAGAZINE						
TOTAL	\$	-				
ADOT STATEWIDE PROJECTS						
ADOT Statewide - Asbestos and lead paint abatement	\$	5,000	ADOT	1	ALL	
ADOT Statewide - Repair roofs	\$	10,000	ADOT	2	ALL	
ADOT Statewide - Repair HVAC systems	\$	40,000	ADOT	4	ALL	
ADOT Statewide - Repair plumbing systems	\$	10,000	ADOT	4	ALL	
ADOT Statewide - Repair electrical systems	\$	10,000	ADOT	4	ALL	
ADOT Statewide - Retrofit unserviceable light fixtures	\$	5,000	ADOT	4	ALL	
ADOT Statewide - Repair well systems	\$	5,000	ADOT	8	ALL	
ADOT Statewide - Project Management Support	\$	80,000	ADOT	NA	ALL	
TOTAL	\$	165,000				
ADMINISTRATIVE SERVICES DIVISION						
Administration Bldg 1005B - Repair damaged equipment overhang	\$	15,000	ASD	3	C	
TOTAL	\$	15,000				
MOTOR VEHICLE DIVISION						
Window Rock MVD Bldg 3362 - Replace fire alarm system	\$	10,200	MVD	1	N	
Winslow MVD Bldg 3227 - Repair failing roof	\$	15,525	MVD	2	N	
Page Office/MVD/POE Bldg 3300 - Repair failing roof	\$	8,500	MVD	2	N	
Glendale MVD Bldg 1421 - Repair leaking roof	\$	30,000	MVD	2	C	
Southeast Mesa MVD Bldg 1331 - Repair leaking roof	\$	30,000	MVD	2	C	
Nogales MVD Bldg 2167 - Repair/replace failing roof	\$	27,000	MVD	2	S	
Tucson Regional MVD Bldg 2150 - Repair/replace failing roof	\$	84,257	MVD	2	S	
Tucson East MVD Bldg 2151 - Repair failing roof	\$	8,000	MVD	2	S	
Safford MVD Bldg 2133 - Repaint and repair exterior wood trim	\$	10,686	MVD	3	S	
MVD Facilities - Repair HVAC systems	\$	5,000	MVD	4	C	
Safford MVD Bldg 2133 - Repaint ADA parking lot lines	\$	6,000	MVD	7	S	
TOTAL	\$	235,168				
ENFORCEMENT AND COMPLIANCE DIVISION						
TOTAL	\$	-				
Total Building Renewal Projects	\$	983,000				
Contingency Amount	\$	17,000				
Total Building Renewal Plan Amount	\$	1,000,000				
Appropriated State Highway Fund Amount FY 2012	\$	1,000,000				

AERONAUTICS PROGRAM						
Grand Canyon Airport Bldg 3551 - Overhaul automatic doors through out the terminal	\$	13,000	AERO	3	N	
Grand Canyon Residences 3557, 3558, 3560, 3564, 3587 - Replace faulty hermetically sealed windows	\$	15,000	AERO	3	N	
Grand Canyon Airport Site 463 - Water and Wastewater repairs	\$	17,000	AERO	8	N	
Grand Canyon Airport Site 463 - Replace faulty automatic gate closures on 13 gates using in house labor	\$	5,000	AERO	8	N	
TOTAL	\$	50,000				
Appropriated State Aviation Fund Amount FY 2012	\$	50,000				

STATE OF ARIZONA

Joint Committee on Capital Review

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DATE: September 21, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Leatta McLaughlin, Assistant Director

SUBJECT: Arizona Game and Fish Department - Review of FY 2009 Yuma Office and FY 2012
Property and Dam Maintenance Projects

Request

A.R.S. § 41-1252 requires Committee review of expenditure plans for capital projects costing over \$250,000. The Arizona Game and Fish Department (AGFD) is requesting Committee review of \$954,000 to remodel and expand the Yuma office, \$500,000 for property maintenance, and \$100,000 of their \$500,000 appropriation for dam maintenance.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the department's \$954,000 Yuma Office remodel/expansion, \$500,000 property maintenance, and \$100,000 dam maintenance projects.
2. An unfavorable review of the projects.

Analysis

A.R.S. § 41-1252 requires that the Committee review the scope, purpose, and estimated cost before the release of monies for construction of a new capital project costing over \$250,000. Laws 2008, Chapter 289 appropriated AGFD \$954,000 from the Game and Fish Capital Improvement Fund in FY 2009 to remodel and expand the Yuma Regional Office. Laws 2011, Chapter 25 appropriated the department \$500,000 from the Game and Fish Capital Improvement Fund for property maintenance in FY 2012. Chapter 25 also appropriated AGFD \$500,000 for dam maintenance from the Game and Fish Capital

(Continued)

Improvement Fund in FY 2012, of which the department is currently seeking review of \$100,000 with the remaining \$400,000 to be reviewed at a later date.

Yuma Office Project

The existing 5,150 square foot Yuma Regional Office will be remodeled and expanded beginning in January 2012. The remodeling portion of the project will include the following projects: correct several Americans with Disabilities Act compliance issues, re-roof the structure to correct leaks, replace the 15-year old HVAC system, install a fire sprinkler system throughout the building, install a security access control system and surveillance cameras, install new flooring throughout the building, and paint the building's interior and exterior. An additional 2,850 square feet will be added to the building, which will include 1,925 square feet of office space and expanding the conference room by 925 square feet. Other non-building related projects will be done on the site, including improving perimeter fencing and maintenance of the entry road and parking lots.

The department plans to use their \$954,000 FY 2009 appropriation, along with \$79,500 of their FY 2010 building renewal appropriation, which was reviewed by the Committee at its November 2009 meeting, to fund this project for a total project cost of \$1,033,500. According to the department, the cost to remodel and expand this facility is reasonable based on at least 2 quotes from contractors using current local costs.

Property Maintenance Projects

AGFD will spend its \$500,000 appropriation, along with \$36,500 from the Waterfowl Conservation Fund and \$80,000 of federal funding, for the maintenance of their owned or operated properties. The expenditure plan is illustrated in *Table 1*:

Table 1		
FY 2012 Property Maintenance Projects		
<u>Project</u>	<u>\$500,000 Allocation</u>	<u>Total Cost</u>
Sipe White Mtn. Septic System Replacement	\$ 10,000	\$ 10,000
Sipe White Mtn. Manager's Residence Roof Replacement	7,000	7,000
Raymond Wildlife Area Well Replacement	58,000	83,000
Raymond Wildlife Area Headquarters Heating Replacement	15,000	15,000
House Rock Wildlife Area Headquarters Roof Replacement & Cooling System Install	18,000	18,000
Whitewater Draw Wildlife Area Well Restoration	71,500	108,000
Whitewater Draw Wildlife Area Residential Improvements	8,800	8,800
Horseshoe Ranch Wildlife Area IT Upgrades	25,000	25,000
Horseshoe Ranch Wildlife Area Electrical System Upgrades	30,000	30,000
Canyon Creek Hatchery Electrical Upgrade	10,000	65,000
General Operation & Maintenance at Various Locations	220,500	220,500
Land Use Fees	25,000	25,000
Contingency	<u>1,200</u>	<u>1,200</u>
TOTAL	\$500,000	\$616,500

According to the department, the costs for these projects are reasonable based on at least 2 quotes from contractors using current local costs.

(Continued)

Dam Maintenance Project

The department has 37 dams across the state. Of these 37 dams, 29 must meet requirements enforced by the Arizona Department of Water Resources' (DWR) Dams Safety Division. DWR has classified 6 of these 29 dams as "High Hazard," which means there is a risk to life and property if the dam were to flood. The Lynx Lake Dam located in the Prescott National Forest is 1 of the 6 "High Hazard" dams.

The department plans to use \$100,000 of their \$500,000 appropriation, along with \$25,000 of Sport Fish Recreation Act federal funding, to replace the dam's principal gate. The project will entail dive operations to remove the old gate and replace it with a new gate and to install a hydraulic operator. According to the department, the \$125,000 cost to repair this dam is reasonable based on at least 2 quotes from contractors using current local costs.

RS/LMc:mt



THE STATE OF ARIZONA
GAME AND FISH DEPARTMENT

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PHOENIX, AZ 85086-5000
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September 6, 2011

Senator Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
Capitol Complex
1700 W. Washington
Phoenix, AZ 85007-2890



Re: Request for Placement on Joint Committee on Capital Review Agenda

Dear Senator Shooter:

The Arizona Game and Fish Department respectfully requests to be on the next scheduled agenda of the Joint Committee on Capital Review to review the following:

1. Approval to fully expend funds from FY12 Appropriation No. 03048 – Yuma Regional Office Remodel/Expansion Project (\$912,000)
2. Approval to fully expend funds from FY12 Appropriation No. 03055 (\$500,000) – Commission Owned or Operated Properties – Operations and Maintenance
3. Approval to expend partial funding of \$100,000 from the FY12 Appropriation No. 03056 - Commission Owned Dams Maintenance (\$500,000)

The information for this review is attached.

Sincerely,

Fred J. Bloom, P.E.
Chief Engineer

FJB:fb

cc: John Arnold, Director, OSPB
Representative John Kavanagh
Richard Stavneak, Staff Director, JLBC
Leatta McLaughlin, JLBC
Tony Guiles, AGFD

Enc.

Yuma Regional Office Addition and Remodel

The Yuma Regional Office addition and remodel includes an addition of 2850 square feet expanding the main conference room by 925 square feet (used frequently for public meetings) and adding 1925 square feet of desperately needed functional office space. The existing 5,150 square foot office/customer service area will be remodeled to correct several ADA compliance issues identified in a past federal accessibility surveys. Other improvements will include re-roofing the entire structure to correct problematic leaks; replacing the aged HVAC system with substantially more reliable and energy efficient equipment; installing a fire sprinkler system throughout the entire building; installing a security access control system that is compatible with the Departments statewide system; installing surveillance cameras and enhanced site lighting; installing new flooring throughout; and paint all interior and exterior surfaces. Site work will include improved perimeter fencing and crack/slurry sealing/restriping of the entry road and public/employee parking lots.

Schedule:

Advertise the project	Mid November 2011
Bid Opening/Award Project	Early January 2012
Notice To Proceed	Mid January 2012
Project Completion	Late June 2012

Estimated Construction Cost: \$991,457 (See Attachment)

Funding:

Capital Improvement Fund - \$912,000
Building Renewal - \$79,457

Budget Summary

Project Name:

YUMA Game and Fish

Project Address:

9140 E 28th Street Yuma AZ 85365

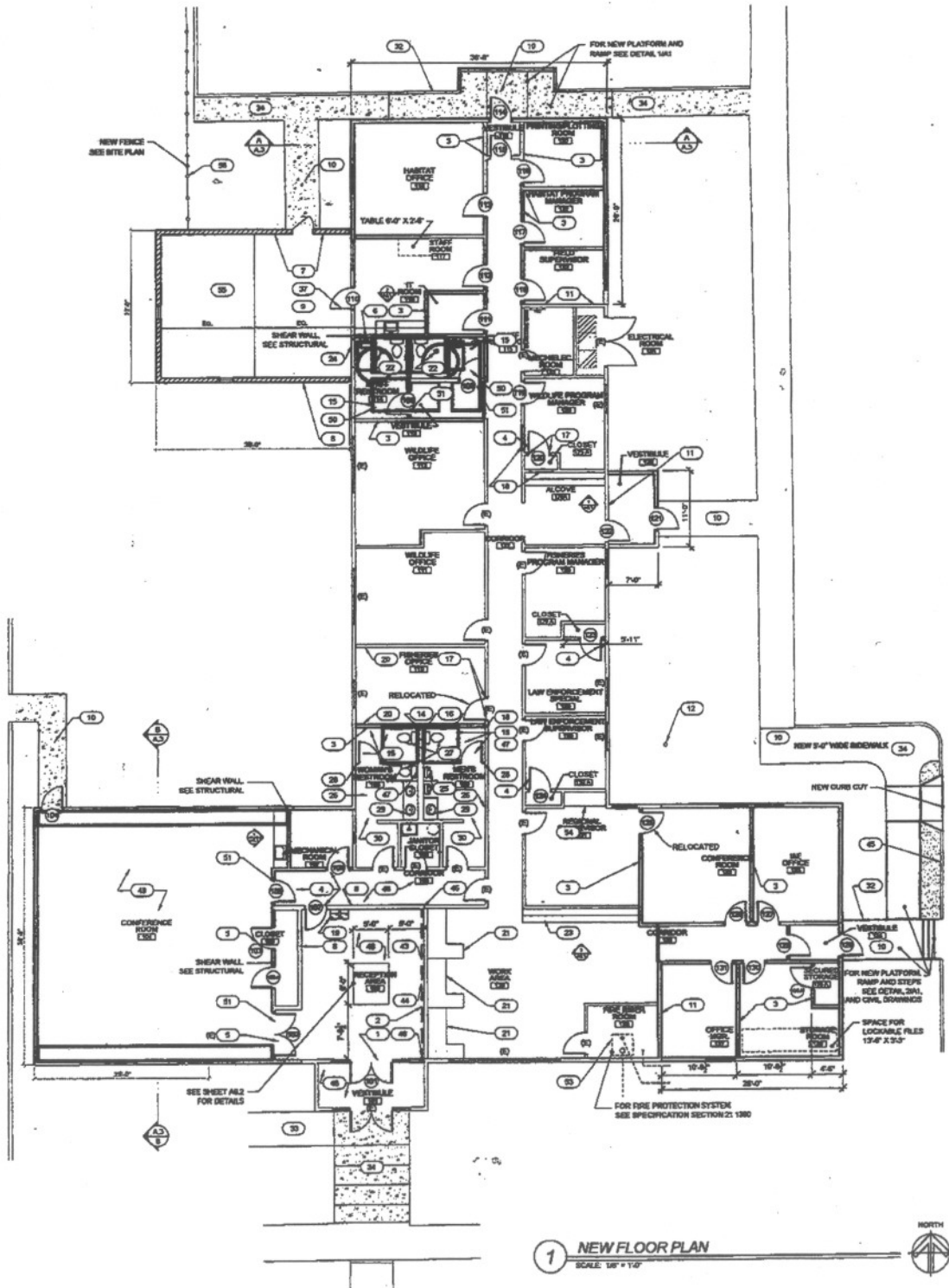
Project No.:

11-146

Contracts	Req'd (Y/N)	FMG Estimate	Bid	Variance	Budget
01 General		\$ 142,230		\$ 142,230	\$ 142,230
02 Sitework		\$ 113,850	\$ -	\$ 113,850	\$ 113,850
03 Concrete		\$ 41,814	\$ -	\$ 41,814	\$ 41,814
04 Masonry		\$ 7,354	\$ -	\$ 7,354	\$ 7,354
05 Metals		\$ 1,500	\$ -	\$ 1,500	\$ 1,500
06 Woods and Plastics		\$ 83,131	\$ -	\$ 83,131	\$ 83,131
07 Thermal & Moisture Protection		\$ 79,881	\$ -	\$ 79,881	\$ 79,881
08 Doors and Windows		\$ 71,720	\$ -	\$ 71,720	\$ 71,720
09 Finishes		\$ 105,713	\$ -	\$ 105,713	\$ 105,713
10 Specialties		\$ 5,290	\$ -	\$ 5,290	\$ 5,290
11 Equipment		\$ -	\$ -	\$ -	\$ -
12 Furnishings		\$ 2,500	\$ -	\$ 2,500	\$ 2,500
13 Special Construction		\$ 25,000	\$ -	\$ 25,000	\$ 25,000
14 Conveying Systems		\$ -	\$ -	\$ -	\$ -
15 Mechanical		\$ 89,833	\$ -	\$ 89,833	\$ 89,833
16 Electrical		\$ 100,000	\$ -	\$ 100,000	\$ 100,000
SUB-TOTAL		\$ 869,815	\$ -	\$ 869,815	\$ 869,815

General Conditions & Supervision	Estimate	Markup	Total
Contingency	\$ 869,815	0.030	\$ 26,094
Insurance	\$ 895,910	0.005	\$ 4,480
OH&P	\$ 900,389	0.050	\$ 45,019
SUB-TOTAL			\$ 75,593

Transaction Privilege Tax	Taxable \$	Tax Rate	Total
State of Arizona	\$ 945,409	0.037	\$ 35,027
Municipality (Phoenix area)	\$ 945,409	0.012	\$ 11,061
SUB-TOTAL			\$ 46,089
TOTAL ESTIMATED COST			\$ 991,497



FY 12 LANDS COUNCIL/E-STAFF APPROVED PROJECTS CAPITAL IMPROVEMENT FUND PROJECTS	
FUNDING SUMMARY	
Appropriation Amount:	\$500,000.00
Applied to Base Budgets:	\$220,460.00
Applied to Land Use Fees:	\$25,000.00
Balance Available for Projects:	\$254,540.00
Other Supplemental Funding	
Waterfowl Fund (Whitewater Well):	\$36,500.00
Federal FW20D - DJ (Canyon Creek Turbine):	\$55,000.00
Federal NRCS Grant (Raymond WLA Well)	\$25,000.00
Projects Budget:	\$371,040.00
PROJECT ESTIMATES	
Region 2 and 5 Well Projects*	\$191,000.00
Sipe WLA Septic System (Bunkhouse)	\$10,000.00
Sipe Residence Metal Roofing (materials)	\$7,000.00
Raymond HQ Propane Furnace	\$15,000.00
House Rock HQ Metal Roofing	\$18,000.00
Whitewater - Residence Improvements	\$8,800.00
Horseshoe - Telecommunications	\$25,000.00
Horseshoe - Electrical - Upgrades	\$30,000.00
Canyon Creek Hatchery Turbine Generator	\$65,000.00
Total Project Estimate:	\$369,800.00
Balance to Contingency:	\$1,240.00
<p>*Engineering will work with the R2 and R5 Wildlife Area Mgrs to determine the most economic approach for their well replacement proposals.</p>	

WILDLIFE AREAS - FY 12 OPERATIONAL BUDGETS							
	BASE PROGRAM FUNDING SOURCE	INDEX	BASE FUNDING AMOUNT (incl PS/ERE/AOO)	BASE AOO BREAKOUT	VEHICLE COSTING SOURCE	SUPPLEMENTAL CIF FUNDING	TOTAL FUNDING AMOUNT
REGION 1							
(All Properties)	FW20D	06805	\$226,005	\$83,200	Q Motor Pool	\$0	\$226,005
	FW20D	06184	\$8,510			\$0	\$8,510
REGION 2							
House Rock	FW20D	06194	\$114,990	\$45,000	Base AOO	\$0	\$114,990
Raymond	FW20D	06946	\$113,257	\$45,000	WCF	\$0	\$113,257
Other	CIF	TBD				\$10,765	\$10,765
REGION 3							
(All Properties)	FW20D	06771	\$36,100	\$36,100	WCF Motor Pool	\$0	\$36,100
REGION 4							
	FW20D	06645	\$105,353	\$16,625	Base AOO	\$0	\$105,353
(All Properties)	CIF	TBD				\$36,245	\$36,245
REGION 5							
White Water	FW20D	06644	\$95,231	\$21,250	Q Motor Pool	\$0	\$95,231
Cluff	FW20D	06235	\$162,705	\$68,753	Base AOO	\$0	\$162,705
R5 Supplemental	CIF	TBD				\$45,850	\$45,850
REGION 6							
Upper Gila Complex	FW20D/CIF	06248	\$155,324	\$45,000	WCF Motor Pool	\$52,600	\$207,924
Lower Gila Complex	CIF	TBD				\$45,000	\$45,000
Horseshoe Ranch	WCF/CIF	32163	\$166,424	\$80,000	WCF Motor Pool	\$30,000	\$196,424
Horseshoe Truck	WCF	32163	\$41,000			\$0	\$41,000
			\$1,224,899	\$440,928		\$220,460	\$1,445,359
Note: FW20D Indexes are to be fully managed by FOD/Regions							

Capital Improvement Projects Summary

AGFD Region 1 Projects

Sipe White Mountain Wildlife Area (Sipe) Projects: On October 8, 1993, the Arizona Game and Fish Department (Department) purchased the White Mountain Hereford Ranch, consisting of 1,362 deeded acres. Renamed Sipe White Mountain Wildlife Area (SWMWA) in 1995, the property is located in east-central Arizona approximately seven miles southeast of the towns of Eagar and Springerville. The land and resource values associated with this acquisition provide opportunities to meet objectives of Arizona's Heritage Fund Program for Threatened, Endangered and Sensitive (TES) species and their habitats, as well as provide benefits for other wildlife species and recreational opportunities for the public. The \$3,795,301 acquisition was accomplished utilizing funds from the Commission's Heritage and Waterfowl Conservation Funds, along with significant contributions from the Department's allocation of funding associated with the U.S. Fish and Wildlife Service's Federal Aid Program (Pittman-Robinson Wildlife Restoration Act) and Rocky Mountain Elk Foundation (RMEF) funds.

Septic System Replacement: The current septic system hooked up to the Sipe Wildlife Area visitor center and wildlife area host volunteer RV pads is inadequate. This septic system was in place when the property was purchased in 1993, and is of an unknown age. It is recommended to replace the old system with a new one capable of handling the amount of waste produced by these facilities. Maintaining the key facilities at Sipe Wildlife Area is integral to the goal of insuring the visitors have a quality experience. Rudd Creek is adjacent to this area, and if there is a spill of raw sewage into the creek it may impact the threatened Little Colorado spinedace and involve consulting with the Arizona Department of Environmental Quality and the U.S. Fish and Wildlife Service to assess impacts caused by the incident. Estimated cost is \$10,000. The Capital Improvement Fund will cover the entire cost.

Re-roof Manager's Residence: The current wildlife area manager residence roof at Sipe is composed of asphalt shingles, and is inadequate. During windstorms it is not uncommon for shingles to blow off the roof, with as many as 20 or more shingles lost in one storm. It is recommended to replace the old asphalt roof with a new one of metal capable of handling the weather conditions regularly encountered. Maintaining the key facilities at Sipe Wildlife Area is integral to operating a quality facility. In addition, the Department should be accountable to provide a safe and secure residence for the wildlife area manager and his family. It is recommended to replace the failing roof with one that is impervious to the harsh weather conditions to protect the integrity of the residence and better maintain the Department's investment. An engineered metal roofing system will be installed. Estimated cost is \$7,000 for materials. The roofing system will be installed by wildlife area personnel. The Capital Improvement Fund will cover the entire cost.

AGFD Region 2 Projects

Raymond Wildlife Area (RWA) Projects: The Raymond Wildlife Area is tucked away in the pinyon-juniper forest of Anderson Mesa. This location allows for a quick getaway from the fast-paced city life to the soothing tranquility of the pines. While enjoying the forest quiet, remember to have binoculars ready to take advantage of the fabulous wildlife watching opportunities. Bison provide a popular and unique hunting and viewing opportunities for the public. In addition, the wildlife area provides habitat (particularly winter range) for pronghorn. The combination of ponderosa pine forest and grasslands on Anderson Mesa provide important habitat for a wide variety of watchable wildlife, from migrating birds to pronghorn antelope, bison, mule deer and elk. Habitat protected within Raymond Wildlife Area, particularly wetland and riparian areas, may provide homes for several sensitive and rare wildlife species

Solar Well Project: An existing agreement with Natural Resources Conservation Service (NRCS) will provide the Department funding of \$25,000 through a grant agreement to replace the old electric pump on the West Well with a low volume solar pump. This upgrade will virtually eliminate upkeep and fuel expenses, while providing adequate water to wildlife on the southwest side of RWA. The problem is the old pump is stuck in the well casing. All efforts to remove the old pump have failed and it has been determined that drilling a new well as part of this project is the most prudent option. The cost of drilling and casing a new well, and installing the solar pump equipments is estimated to be \$83,000. The Capital Improvement fund will cover \$58,000.

Headquarters Propane Furnace and New Ducting Project: The current RWA heating is exclusively with a wood burning stove. This does not allow a person to leave for more than a day during the winter, or the house will get too cold and the pipes will freeze. A forced air furnace will allow for the setting of a moderate temperature to keep the house from getting too cold. This will allow the property manager to leave the residence for more than 1 day at a time. Also, this moderated temperature will prevent freezing and rupturing of pipes and the associated costs and difficult repairs of plumbing in a 100 year old stone headquarters residence. Higher cost for this project is associated with possibly installing duct work through 2' stone walls. Estimated cost for this work is \$15,000. The Capital Improvement Fund will cover the entire cost.

House Rock Wildlife Area: This 60,000 acre wildlife area is one of only 2 sites in Arizona where one may see state-managed bison herds. House Rock Valley, along the eastern edge of the Kaibab Plateau, has good views into the Marble Canyon portion of Grand Canyon National Park. The wildlife area, consisting of pinyon-juniper and desert scrub, also borders the Saddle Mountain Wilderness to the south and west.

Headquarters Metal Roofing and Evaporative Cooler Project: The old shingle roof at headquarters is old and needs replacing. It has patches on top of patches and is fairly brittle. Also, there is no cooling system in the employee residence. Summer temperature can be 100+ and very uncomfortable. Installing an evaporative

cooler will improve employee comfort and longevity. The cost of this project is estimated to be \$18,000. The Capital Improvement Fund will cover the entire cost.

AGFD Region 5 Projects

Whitewater Draw Wildlife Area Projects: The Whitewater Draw Wildlife Area (WWD) lies within the Chihuahuan desert grassland habitat type. Past land uses of the property included farming and ranching with about 30% of the property being irrigated farmland. Much of this is being returned to native grasslands through rest and active reseeding projects. Another 50-acre portion will be managed under a cooperatively developed project to install moist soil cells, which may be flooded throughout the winter months. The next largest portion of the Wildlife Area is comprised of native grasslands, most of which is being rehabilitated as well. Over 600 acres of the area is intermittently flooded wetland with two small patches of riparian habitat. The surrounding agricultural community of the valley enhances feeding opportunities for such species as sandhill cranes, doves, Mexican ducks, mallards, pintails, collared peccary and mule deer. The wetland and grassland communities on the wildlife area provide feeding and loafing sites for sandhill cranes, waterfowl, and doves, in addition to numerous other terrestrial game and nongame species including plains leopard frogs, one of the most narrowly distributed of all Arizona leopard frogs. WWD's leopard frog population is the healthiest and most stable of the known Arizona plains leopard frog populations.. The former farm included fields of corn, alfalfa, and sudan grass, and pasture for livestock grazing. The property also includes 2 residences, storage sheds, a metal barn, corrals, and 11 wells.

Well Restoration Project: Deepen an existing agricultural well from 300' to 500' and install new 10" casing and upgrade pump and power supply. This well will provide enhanced irrigation to support additional moist soil units and irrigation of food crops. Estimated cost is \$108,000. The Waterfowl Enhancement Fund will provide \$36,000. The Capital Improvement Fund will cover \$72,000.

Residential Improvements Project: This project includes both interior and exterior painting and the complete remodel of two restrooms. This work has been deferred for several years and cannot be delayed further without resulting in significantly more expense.

AGFD Region 5 Projects

Horseshoe Ranch Wildlife Area Projects: The Arizona Game and Fish Department has recently purchased the Horseshoe Ranch (Ranch) and associated allotments to contribute to the recovery of species listed under the Endangered Species Act and to benefit grassland species that occur within the allotments, including pronghorn. The Ranch is located within the Agua Fria National Monument approximately 50 miles north of Phoenix.

Telephone/Internet Connectivity Antenna, Signal Booster and WIFI System: HSRWA is going to be used by a variety of high profile internal and external groups along with routine operational requirements and education programs. We don't have

any data services currently and spotty cell service. This upgrade is necessary to make the facility useable at a base level. The project will include a cell signal directional antenna, signal booster and WIFI distribution system to allow telephone & data connectivity throughout the headquarters area with sufficient bandwidth to meet the needs of a Management Team meeting. The estimated cost for this work (provided by Century Link) is \$25,000. The entire cost of the project will be covered by the Capital Improvement Fund.

HSRWA Electrical System Upgrades and Capacity Evaluation: A number of electrical components of the existing property are not currently functional, (lights, outlets, etc.). We have also been advised by our generator service provider that our generating capacity is marginal to the previous needs of the ranch and probably insufficient to our prospective needs, thus the necessity to evaluate and upgrade. A preliminary evaluation from an electrical engineering consultant determined that the higher priority upgrades (generator upgrade and code compliance items) are estimated to be \$30,000.

AGFD Hatchery Project

Canyon Creek Hatchery (CCH) Project: CCH is nestled under the Mogollon Rim in the Tonto National Forest and sits at 6,600 feet in elevation near the headwaters of Canyon Creek. The hatchery is located approximately 45 miles east of Payson on Highway 260. CCH is located on lands owned by the U.S. Forest Service and has been in operation since 1971. The hatchery was renovated in 1992 to modernize operations. The hatchery raises approximately 240,000 catchable-sized trout and 500,000 to 750,000 fingerlings (3 inches) each year. It is fairly common for this hatchery to have thousands of eggs and small fish in the hatchery building during the spring and summer months. To grow a fish to catchable size takes approximately 24-30 months.

Canyon Creek Hatchery Turbine Generator Project: The Department has utilized a hydro-electric turbine to supply electricity to Canyon Creek Hatchery since 1971. The hatchery has a propane generator as backup. The hydro-electric turbine has been experiencing periodic problems, and was recently inspected and found to be in need of refurbishment. The generator was constructed in 1971 by "The James Laffel and Company" in Springfield Ohio. It is a 6" L Francis Turbine with Kato generator, and Woodward UG8 Governor with a hydraulic distribution valve, servo cylinder, and hydraulic pressure unit. The unit provides electricity to three hatchery buildings and additionally four separate employee residences on site. The hatchery is located in a remote canyon that is not serviced by the electrical grid, and connecting the hatchery to the grid is cost prohibitive. The unit has been extremely reliable, and we intend to use the same company that built the unit to refurbish the generator. We expect this refurbishment will allow the hatchery to generate it's own electricity for another 20-30 years. Estimated cost is \$65,000. The Capital Improvement Fund will cover the entire cost.

AGFD Dam Projects

Arizona Game and Fish owns and operates thirty-seven dams. Twenty-nine dams are "jurisdictional" (must meet design, operational and maintenance requirements enforced by the Dams Safety Division of ADWR), of which six are classified as High Hazard, four as Significant Hazard, and twenty-seven Low Hazard. The engineering section proposes to utilize the \$100K of capital improvement funds on its Lynx Lake Dam outlet works and principal gate replacement. The valve replacement project expensive entails dive operations where the old drain gate will be removed and a new gate and hydraulic operator will be installed. The projected costs will be \$125K with \$100K coming from the Capital Improvement Funds and the balance coming federal funding (Sport Fish Restoration Act).

STATE OF ARIZONA

Joint Committee on Capital Review

STATE
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DATE: September 27, 2011

TO: Senator Don Shooter, Chairman
Members, Joint Committee on Capital Review

THRU: Richard Stavneak, Director

FROM: Leatta McLaughlin, Assistant Director

SUBJECT: Arizona State University - Review of 6 Bond Projects

Request

A.R.S. § 15-1683 requires Committee review of any university projects financed with revenue bonds. Arizona State University (ASU) requests Committee review of \$99.7 million in bond issuances to fund 6 projects. This amount includes \$67.3 million for 3 projects, including a new business school facility at the Tempe campus. These projects would be supported with student fees, tuition, and other sources. Another \$32.4 million would be paid with Lottery revenues and tuition for renovations on all campuses.

Recommendation

The Committee has at least the following 2 options:

1. A favorable review of the 6 projects.
2. An unfavorable review of the 6 projects.

Under either option, the JLBC Staff recommends the following provisions: 1) ASU submit a list of projects for the University Lottery bond projects, 2) all projects are ultimately approved by the Arizona Board of Regents (ABOR), and 3) the following standard university financing provisions:

Standard University Financing Provisions

- A favorable review by the Committee does not constitute endorsement of General Fund appropriations to offset any revenues that may be required for debt service, or any operations and maintenance costs when the project is complete.
- ASU shall provide the final debt service schedule for the projects as soon as it is available.

(Continued)

Analysis

The \$99.7 million in projects includes new construction, renovations, upgrades, and a refund. Of this amount, \$54.5 million will be for new construction, \$3.1 million will be for IT upgrades, \$9.7 million will be for a bond refund, and \$32.4 million will be for renovations and building renewal as part of the University Lottery bonding package.

Financing

The total \$99.7 million for the 6 projects will be issued in 2 separate bonds in the fall of 2011. Of this amount, \$67.3 million will be issued for 3 projects, which includes estimated issuance costs of \$609,600. The remaining \$32.4 million will be issued for the University Lottery bond projects, which includes estimated issuance costs of \$390,000.

The total cost of both bond issuances is expected to be \$170.4 million. The debt service will be primarily paid with \$87.3 million from tuition & local funds generated by business graduate student program fees and \$40.1 from Lottery revenues. (See Table 1 for a summary of each bond's financing terms.)

Table 1		
ASU Bonding Financing Terms		
	<u>\$67.3 Million Issuance</u>	<u>\$32.4 Million Issuance</u> <u>(University Lottery bond projects)</u>
Projects:	1. \$54.5 million Business School Facility – Tempe 2. \$9.7 million bond refund – Tempe 3. \$3.1 million IT upgrades – all campuses	1. \$10.1 million Academic Renovations – all campuses 2. \$10.1 million Lab Renovations – Tempe campus 3. \$12.2 million Infrastructure Improvements – all campuses
Issuance Date:	November 2011	December 2011
Rating:	Aa3 (Moody's)/AA (S&P)	A1 (Moody's)/AA- (S&P)
Interest Rate:	4.5%	4.25%
Term:	30 years	20.5 years
Total Debt Costs:	\$120.3 million, including \$609,600 issuance costs	\$50.1 million, including \$390,000 issuance costs
Debt Service	\$1.6 million in FY12, \$4.2 million in FY13-FY33, \$3.3 million in FY34-FY42	\$0.8 million in FY12 (interest only), \$1.3 million in FY13-FY15 (interest only), \$2.8 million in FY16-FY32
Payments:		
Payment Source:	\$87.3 million from tuition & local funds generated by business graduate student program fees, \$14.0 million from gifts, \$14.5 million from student housing auxiliary revenues, \$4.5 million from general tuition	\$40.1 million, or 80% from Lottery revenues and \$10.0 million or 20%, from university revenues (\$8.5 million tuition and \$1.5 million indirect cost recovery); Laws 2009, Chapter 289 requires the debt service to be paid with up to 80% Lottery revenues and at least 20% university revenues.
Debt Ratio		
Increase:	Up to 0.45% – from 4.9% to 5.35%	0.15% – from 4.9% to 5.05%

Construction Costs

Total project costs are estimated at \$101.7 million. Table 2 provides a brief description of each project along with the project's total cost, direct construction cost, square footage, and direct construction cost per square foot.

Table 2				
ASU Bond Projects				
<u>Project</u>	<u>Total Cost</u> ^{1/}	<u>Direct Cost</u>	<u>Sq. Ft.</u>	<u>Direct Cost/</u> <u>Sq. Ft.</u>
Tempe Campus Business School Facility	\$ 57,050,000	\$38,456,000	129,000	\$298
Tempe Campus Student Housing Bond Refund	9,650,400	N/A	N/A	N/A
IT Infrastructure Upgrades	3,000,000	2,100,000	N/A	N/A
Academic Renovations	10,000,000	7,000,000	66,000	106
Lab Renovations	10,000,000	7,000,000	33,000	212
Infrastructure/Campus Site Improvements	12,000,000	8,400,000	N/A	N/A
Total	\$101,700,400	\$62,956,000	228,000	\$616

^{1/} These amounts do not include issuance costs.

(Continued)

Business School Facility - Tempe Campus

ASU is planning to build a 129,000 gross square foot \$57.1 million Business School Facility for graduate students. (Only \$54.5 million will be issued since \$3.0 million of the facility will be paid with gifted monies, plus issuance costs of \$0.4 million.) According to ASU, their current space of 240,051 square feet does not meet industry standards and is undersized. They expect faculty, staff, and graduate assistants to increase by more than 100 over the next 5 years. The building will be 4 stories, which will include classrooms, computer labs, and other specialized spaces.

At its April 2011 meeting, the Committee most recently reviewed classroom buildings for Maricopa County Community College, which had total costs per square foot of \$218 - \$497. The total cost per square foot of this project, which is \$442, falls at the high end of this range.

During the budget process, ASU will be requesting a \$1.1 million annual General Fund appropriation to pay for the operations and maintenance costs of this new facility.

Bond Refund

In August 2000, the Arizona Capital Facilities Finance Corporation (ACFFC) issued an \$11.0 million bond to construct Adelphi Commons I, which is an 89-unit, suite-style dormitory adjacent to the Tempe campus. The bond was issued with an average annual interest rate of 6.2% for a term of 30 years. Currently, \$9.5 million in principal (plus \$7.7 million in interest) is outstanding. ASU plans on issuing a \$9.7 million bond, including issuance costs, to refund ACFFC for the outstanding amount because the bond can currently be refunded without ASU having to pay a premium. The term of the bond will be for the remaining 21 years with an estimated average annual interest rate of 3.9%.

IT Infrastructure Upgrades

ASU plans to upgrade IT infrastructure at all of its campuses for \$3.0 million, which would improve and expand IT services and security for current needs and future development. ASU did not provide a direct construction cost per square foot for this project because this project would not affect square footage.

University Lottery Bond Projects

Various statutes authorize ABOR to enter into lease-to-own and bond transactions up to a maximum of \$800.0 million to pay for building renewal projects and new facilities. ABOR is required to allocate \$376.0 million of the \$800.0 million for the Phoenix Biomedical Campus. Of the remaining \$424.0 million in proceeds, ABOR plans to allocate \$16.0 million to ASU's School of Construction and \$136.0 million to each of the 3 universities for building renewal, deferred maintenance, and new construction projects.

At the March 2010 meeting, JCCR favorably reviewed \$172.9 million for the first phase of the Phoenix Biomedical Campus debt issuance with the provision that the universities not request authority for further Lottery bonding projects for 18 months, or until September 2011. At this time, ASU has \$101.6 million of its \$136.0 million allocation remaining and is now requesting to issue \$32.4 million for 3 projects.

Under Chapter 287, the annual debt service payments were designed to be paid from at least 80% Lottery revenues and up to 20% state university system revenues. The interest-only debt service payment from Lottery revenues for this issuance would be \$669,000 in FY 2012. This amount would be paid from \$4.9 million in uncommitted Lottery revenues that would otherwise revert to the General Fund in FY 2012. After interest-only payments for 4 years, this issuance would annually divert \$2.3 million in Lottery monies from the General Fund for 17 years.

(Continued)

Projects

ASU plans on issuing \$32.4 million in bonds for the following 3 projects: \$10.1 million for Academic Renovations, \$10.1 million for Laboratory Renovations, and \$12.2 million for Infrastructure/Campus Site Improvements. ASU has not submitted a specific list of projects for these 3 projects.

The Academic Renovations will encompass 66,000 gross square feet for up to 25 buildings across all campuses. The Laboratory Renovations will encompass 33,000 gross square feet for about 20 laboratory buildings at the Tempe campus. The Infrastructure/Campus Site Improvements will extend the useful life and improve the safety and performance of about 20 facilities across all campuses.

The direct construction cost per square foot for the Academic Renovations project is \$106, and the cost is \$212 for the Laboratory Renovations project. ASU did not provide a direct construction cost per square foot for the Infrastructure/Campus Site Improvements project because they say it will affect systems and not spaces.

RS/LMc:mt

ASU
ARIZONA STATE UNIVERSITY

September 7, 2011

The Honorable Don Shooter, Chairman
Joint Committee on Capital Review
Arizona State Senate
1700 West Washington
Phoenix, AZ 85007



Dear Senator Shooter:

In accordance with ARS 15-1683, the Arizona Board of Regents requests that the following bond-financed items for Arizona State University be placed on the next Joint Committee on Capital Review agenda for review:

- West Campus Student Services Facility
- Polytechnic Campus Student Services Facility
- New Business School Facility
- Refund Student Housing Bonds, Series 2000
- Information Technology Infrastructure Renewal
- Academic Renovations (SPEED Bond Funded)
- Lab Renovations (SPEED Bond Funded)
- Infrastructure and Campus Site Improvements (SPEED Bond Funded)

Enclosed is pertinent information relating to these items.

If you have any questions or desire any clarification on the enclosed material, please contact me at (480) 727-9920.

Sincerely,

Morgan R. Olsen
Executive Vice President, Treasurer and CFO

Enclosures

c: Richard Stavneak, Director, JCCR
Tom Anderes, President, Arizona Board of Regents, ABOR
Lorenzo Martinez, Assist. Exec. Dir. For Capital Resources, ABOR
Steve Miller, Deputy Vice President, Public Affairs
Lisa Frace, Associate Vice President for Budget and Planning
David Brixen, Associate Vice President, Facilities Development and Management
Joanne Wamsley, Senior Associate Vice President for Finance and Deputy Treasurer
Leatta McLaughlin, Capital Review Analyst, JCCR

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

RE: ASU requests JCCR review the following projects as required by ABOR policy and ARS § 15-1683:

- West Campus Student Services Facility
- Polytechnic Campus Student Services Facility
- New Business School Facility
- Refund Student Housing Bonds, Series 2000
- Information Technology Infrastructure Renewal
- Academic Renovations (SPEED Bond Funded)
- Lab Renovations (SPEED Bond Funded)
- Infrastructure and Campus Site Improvements (SPEED Bond Funded)

Background

ASU plans to undertake a series of bond-financed projects to construct new student services facilities, a new business school facility, and to refund existing student housing bonds, as well as projects meant to resolve building renewal issues and academic and research space needs. Additional information regarding the projects is provided on the following pages.

Initial work on a number of the projects will begin prior to the issuance of bonds in order to meet project scheduling requirements. Project expenditures incurred prior to the issuance of bonds will be funded from the University's working capital cash balances, which will be restored upon sale of the bonds.

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

1. WEST CAMPUS STUDENT SERVICES FACILITY

Project Description

This project is planned to construct a 63,800 gross square foot facility and develop 14.2 acres of recreational fields at the ASU West campus to meet the pressing need for adequately sized student service facilities. The facility, planned in consultation with student government and funded by a student government endorsed facility fee, will provide a weight and fitness area, multipurpose studios, a two-court gymnasium, a small gymnasium, two racquetball courts, a wellness facility, and an outdoor pool. An Arizona Board of Regents (ABOR) executive summary is attached for this project, which outlines the project description, justification, comparable project costs, and other relevant information. This project received Project Approval from ABOR on August 5, 2011.

Project Costs

Total Project Cost	\$ 25,140,000
Total Project Construction Cost	\$ 18,640,000
Total Project Cost per GSF	\$ 394
Construction Cost per GSF	\$ 292

Project Delivery Method

This project will be delivered by the Construction Manager at Risk (CMAR) method.

2. POLYTECHNIC CAMPUS STUDENT SERVICES FACILITY

Project Description

This project is planned to construct a 61,000 gross square foot student recreation and health services facility, including recreational fields, at the ASU Polytechnic campus to meet the pressing need for adequately sized student service facilities. The facility, planned in consultation with student government and funded by a student government endorsed facility fee, will provide a weight and fitness area, three multipurpose studios, two gymnasiums, two racquetball courts, and an outdoor pool. An ABOR executive summary is attached for this project, which outlines the project description, justification, comparable project costs, and other relevant information. This project received Project Approval from ABOR on August 5, 2011.

Project Costs

Total Project Cost	\$ 25,590,000
Total Project Construction Cost	\$ 18,802,500
Total Project Cost per GSF	\$ 420
Construction Cost per GSF	\$ 308

Project Delivery Method

This project will be delivered by the Construction Manager at Risk (CMAR) method.

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

3. NEW BUSINESS SCHOOL FACILITY

Project Description

This project is planned to construct a 129,000 gross square foot business school facility directly east of the Business Administration buildings at the Tempe campus to resolve space deficiencies and consolidate distributed operations critical to the School's mission and academic standing. The building will house classrooms, office and support spaces, circulation, meeting and research spaces, and teaching and computer labs. An ABOR executive summary is attached for this project, which outlines the project description, justification, comparable project costs, and other relevant information. This project was recommended for Project Approval by the Capital and Project Finance committee at its September 1, 2011 meeting and is scheduled for ABOR review at the September 22, 2011 meeting.

Project Costs

Total Project Cost	\$ 57,050,000
Total Project Construction Cost	\$ 38,456,000
Total Project Cost per GSF	\$ 442
Construction Cost per GSF	\$ 298

Project Delivery Method

This project will be delivered by the Construction Manager at Risk (CMAR) method.

4. REFUND STUDENT HOUSING BONDS, SERIES 2000

Project Description

This project will refund the Arizona Capital Facilities Finance Corporation (ACFFC) student housing bonds (ACFFC Bonds) with student revenue bonds. In April 2000, ABOR, on behalf of ASU, as lessor, approved the execution of a Ground Lease with Arizona Capital Facilities Finance Corporation (ACFFC), as lessee, for land located adjacent to the Tempe Campus upon which the ACFFC constructed Adelphi Commons I, an 89-unit, suite-style dormitory. In August 2000, ACFFC issued the ACFFC Bonds in the principal amount of \$11,010,000 to finance the project, of which \$9,455,000 remains outstanding. The average interest rate on the outstanding ACFFC Bonds is 6.2 percent, with a final maturity of 2032. Based on current market interest rates, the ACFFC Bonds can be refunded to produce interest cost savings. The ACFFC Bonds will be refinanced through the issuance of ASU System Revenue Bonds to acquire the Adelphi Commons I project. The estimated net present value savings, as of August 16, 2011, is \$2.0 million, or 21.1 percent of the outstanding principal amount of the ACFFC Bonds to be refunded, based on an estimated true interest cost of 3.9 percent per annum. This refunding and acquisition was recommended for approval by the Capital and Project Finance committee at its September 1, 2011 meeting and is scheduled for ABOR review at the September 22, 2011 meeting.

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

5. INFORMATION INFRASTRUCTURE RENEWAL

Project Description

This project will upgrade Information Technology infrastructure at ASU campuses, improving and expanding Information Technology services and security for current needs and future development. The project will deploy mission critical security hardware, as well as extend and rehabilitate existing Information Technology infrastructure systems. The project will renew the existing physical infrastructure for voice and data communications by updating telecom rooms, cabling, grounding systems, pathways (such as conduits and duct banks), voice and data hardware, routers, switches, gateways, firewalls, and other edge and core hardware. Completion of this project will further the ASU objective of a secure, robust, reliable computing environment that supports the realization of strategic goals. This project is estimated to cost less than \$5,000,000 and per ABOR policy, does not require ABOR approval.

Project Costs

Total estimated project cost	\$ 3,000,000
Estimated construction cost	\$ 2,100,000
Total cost per square foot	N/A
Construction cost per square foot	N/A

Project Delivery Method

This project primarily will utilize the Construction Manager at Risk (CMAR) method. As circumstances warrant, other project delivery methods may be used, including Job Order Contracting (JOC) and Design/Bid/Build (DBB).

6. ACADEMIC RENOVATIONS (SPEED Revenue Bonds)

Project Description

This project will renovate approximately 66,000 gross square feet of classrooms, computer labs, student instructional laboratories, and departmental office space to meet the needs of students and faculty engaged in the teaching and learning process. Renovation activities will vary depending upon the scope of the individual project. Renovations may include demolition, asbestos abatement, construction of finished spaces (walls, ceiling, flooring, lighting, HVAC), systems furniture, signage, and data connections. If necessary, life safety improvements such as adding fire sprinklers, upgrading fire alarms, and other life safety changes will be addressed to bring the space into compliance with current building and fire codes. An ABOR

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

executive summary is attached for this project, which outlines the project description, justification, and other relevant information. This project received Capital Development Plan approval from ABOR on June 16, 2011.

Project Costs

Total estimated project cost	\$ 10,000,000
Estimated construction cost	\$ 7,000,000
Total cost per square foot	\$ 152
Construction cost per square foot	\$ 106

Project Delivery Method

This project will primarily utilize the Construction Manager at Risk (CMAR) method. As circumstances warrant, other project delivery methods may be used, including Job Order Contracting (JOC) and Design/Bid/Build (DBB).

7. LAB RENOVATIONS (SPEED Revenue Bonds)

Project Description

This project will include renovation of approximately 33,000 square feet of various laboratories in several buildings to meet research and instructional needs. The renovations will provide the University state-of-the-art research facilities for highest priority research areas. Renovations may include demolition, asbestos abatement, construction of finished spaces (walls, ceiling, flooring, and lighting), lab specific FF&E, upgraded building systems, fume hoods, signage, and data connections. If necessary, life safety improvements such as adding fire sprinklers, upgrading fire alarms, safety showers/eye wash stations and other life safety changes will be addressed to bring the space into compliance with current building and fire codes. An ABOR executive summary is attached for this project, which outlines the project description, justification, and other relevant information. This project received Capital Development Plan approval from ABOR on June 16, 2011.

Project Costs

Total estimated project cost	\$ 10,000,000
Estimated construction cost	\$ 7,000,000
Total cost per square foot	\$ 303
Construction cost per square foot	\$ 212

Project Delivery Method

This project will primarily utilize the Construction Manager at Risk (CMAR) method. As circumstances warrant, other project delivery methods may be used, including Job Order Contracting (JOC) and Design/Bid/Build (DBB).

**Joint Committee on Capital Review
Arizona State University
September 28, 2011 JCCR Meeting**

**8. INFRASTRUCTURE AND CAMPUS SITE IMPROVEMENTS (SPEED
Revenue Bonds)**

Project Description

The goal of this project is to extend the usable life, and improve the performance, and safety of University facilities by renewing aging or worn-out building systems, enhancing utility distribution efficiencies, and renewing campus site amenities. Components of this project will affect all ASU campuses and may include projects such as fire protection and alarm upgrades, electrical improvements, HVAC (heat, ventilation and air conditioning) upgrades, utilities enhancements, building systems upgrades, road improvements, roof replacements, campus site infrastructure upgrades, hazardous materials abatement, and demolition of obsolete facilities. An ABOR executive summary is attached for this project, which outlines the project description, justification, and other relevant information. This project received Capital Development Plan approval from ABOR on June 16, 2011.

Project Costs

Total estimated project cost	\$ 12,000,000
Estimated construction cost	\$ 8,400,000
Total cost per square foot	N/A - project will affect systems, not spaces
Construction cost per square foot	N/A - project will affect systems, not spaces

Project Delivery Method

This project will primarily utilize the Construction Manager at Risk (CMAR) method. As circumstances warrant, other project delivery methods may be used, including Job Order Contracting (JOC) and Design/Bid/Build (DBB).

**JCCR Capital Review
FY 2012 Debt-Financed Projects
Arizona State University
September 2011**

PROJECT SUMMARY

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
West Campus Student Services Facility	Student Service Facility Fee	\$25,140,000
Poly Campus Student Services Facility	Student Service Facility Fee	25,590,000
New Business School Facility	Tuition, Gifts, Graduate Student Program Fees	54,050,000
Information Technology Infrastructure Renewal	Tuition	3,000,000
Refund Student Housing Bonds, Series 2000	Auxiliary Revenue	9,650,400
		<u>\$117,430,400</u>

FINANCING INFORMATION

System Revenue Bonds:

Project Costs	\$117,430,400
Estimated Costs of Issuance	\$1,069,600
Anticipated Bond Rating	Aa3 (Moody's) and AA (S&P)
Anticipated Date of Issuance	Fall 2011
Assumed Interest Rate	4.50%
Term	20 to 30 years

Debt Service Information:

Estimated Debt Service for 2012	\$2,770,800
Estimated Annual Debt Service for 2013 to 2033	\$7,353,100
Estimated Annual Debt Service for 2034 to 2042	\$6,458,800
Total Estimated Debt Service Costs	\$215,316,000

DEBT RATIO

Debt Ratio on Existing Debt	4.9%
Incremental Debt Ratio for FY 2012 Projects	0.45%
Projected Debt Ratio	5.35%

**JCCR Capital Review
FY 2012 SPEED Financed Projects
Arizona State University
September 2011**

PROJECT SUMMARY

<u>Project</u>	<u>Funding Source</u>	<u>Amount</u>
Academic Renovations	Lottery Revenue (up to 80%); Tuition (at least 20%)	\$10,000,000
Lab Renovations	Lottery Revenue (up to 80%); Tuition and Indirect Cost Recovery (at least 20%)	10,000,000
Infrastructure & Campus Site Improvements	Lottery Revenue (up to 80%); Tuition (at least 20%)	12,000,000
		<u>\$32,000,000</u>

FINANCING INFORMATION

SPEED Lottery Revenue Bonds:

Project Costs	\$32,000,000
Estimated Costs of Issuance	\$388,000
Anticipated Bond Rating	A1 (Moody's) and AA- (S&P)
Anticipated Date of Issuance	Fall 2011
Assumed Interest Rate	4.25%
Term	20.5 years
Interest Only	2012-2015

Debt Service Information:

Estimated Debt Service for 2012 (Interest Only)	\$836,200
Estimated Annual Debt Service for 2013 to 2015 (Interest Only)	\$1,286,500
Estimated Annual Debt Service for 2016 to 2032	\$2,837,100
Total Estimated Debt Service Costs	\$50,089,300

DEBT RATIO

Debt Ratio on Existing Debt	4.9%
Incremental Debt Ratio for FY 2012 SPEED Projects	0.15%
Projected Debt Ratio	5.05%

ARIZONA STATE UNIVERSITY
System Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Business School

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$1,298,547	\$1,298,547
07/01/2013	\$1,105,000	2,226,081	3,331,081
07/01/2014	1,120,000	2,212,601	3,332,601
07/01/2015	1,135,000	2,197,750	3,332,750
07/01/2016	1,155,000	2,180,715	3,335,715
07/01/2017	1,175,000	2,159,217	3,334,217
07/01/2018	1,195,000	2,133,641	3,328,641
07/01/2019	1,230,000	2,103,565	3,333,565
07/01/2020	1,260,000	2,069,090	3,329,090
07/01/2021	1,305,000	2,031,066	3,336,066
07/01/2022	1,340,000	1,989,484	3,329,484
07/01/2023	1,390,000	1,944,324	3,334,324
07/01/2024	1,440,000	1,894,751	3,334,751
07/01/2025	1,490,000	1,841,119	3,331,119
07/01/2026	1,550,000	1,783,614	3,333,614
07/01/2027	1,610,000	1,720,965	3,330,965
07/01/2028	1,675,000	1,654,336	3,329,336
07/01/2029	1,745,000	1,583,569	3,328,569
07/01/2030	1,825,000	1,508,344	3,333,344
07/01/2031	1,905,000	1,428,032	3,333,032
07/01/2032	1,990,000	1,342,586	3,332,586
07/01/2033	2,085,000	1,251,646	3,336,646
07/01/2034	2,175,000	1,154,541	3,329,541
07/01/2035	2,280,000	1,051,826	3,331,826
07/01/2036	2,385,000	942,824	3,327,824
07/01/2037	2,500,000	827,432	3,327,432
07/01/2038	2,630,000	706,190	3,336,190
07/01/2039	2,755,000	578,273	3,333,273
07/01/2040	2,885,000	444,245	3,329,245
07/01/2041	3,030,000	303,600	3,333,600
07/01/2042	3,180,000	155,508	3,335,508
Total	54,545,000	46,719,482	101,264,482

ARIZONA STATE UNIVERSITY
System Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Refunding of Student Housing Revenue Bonds, Series 2000 (Adelphi)

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$193,059	\$193,059
07/01/2013	\$360,000	330,958	690,958
07/01/2014	360,000	326,638	686,638
07/01/2015	365,000	321,958	686,958
07/01/2016	375,000	316,665	691,665
07/01/2017	380,000	309,915	689,915
07/01/2018	385,000	301,859	686,859
07/01/2019	395,000	292,427	687,427
07/01/2020	405,000	281,604	686,604
07/01/2021	420,000	269,616	689,616
07/01/2022	425,000	256,470	681,470
07/01/2023	440,000	242,360	682,360
07/01/2024	455,000	226,872	681,872
07/01/2025	475,000	210,128	685,128
07/01/2026	490,000	192,030	682,030
07/01/2027	505,000	172,773	677,773
07/01/2028	530,000	152,422	682,422
07/01/2029	550,000	130,586	680,586
07/01/2030	570,000	107,431	677,431
07/01/2031	595,000	82,921	677,921
07/01/2032	615,000	56,800	671,800
07/01/2033	640,000	29,248	669,248
Total	9,735,000	4,804,740	14,539,740

ARIZONA STATE UNIVERSITY
System Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Information Technology Infrastructure Renewal

Period Ending	Principal	Interest	Debt Service
07/01/2012		\$60,425	\$60,425
07/01/2013	\$115,000	103,586	218,586
07/01/2014	115,000	102,186	217,186
07/01/2015	120,000	100,664	220,664
07/01/2016	120,000	98,872	218,872
07/01/2017	120,000	96,653	216,653
07/01/2018	125,000	94,053	219,053
07/01/2019	125,000	90,924	215,924
07/01/2020	135,000	87,440	222,440
07/01/2021	140,000	83,332	223,332
07/01/2022	145,000	78,845	223,845
07/01/2023	150,000	73,935	223,935
07/01/2024	155,000	68,569	223,569
07/01/2025	160,000	62,785	222,785
07/01/2026	165,000	56,597	221,597
07/01/2027	170,000	49,908	219,908
07/01/2028	175,000	42,863	217,863
07/01/2029	185,000	35,468	220,468
07/01/2030	195,000	27,504	222,504
07/01/2031	205,000	18,868	223,868
07/01/2032	210,000	9,632	219,632
Total	3,030,000	1,443,109	4,473,109

ARIZONA STATE UNIVERSITY
SPEED Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Academic Renovations

Period Ending	Principal	Interest	Debt Service
08/01/2012		261,247	261,247
08/01/2013		401,918	401,918
08/01/2014		401,918	401,918
08/01/2015		401,918	401,918
08/01/2016	485,000	401,918	886,918
08/01/2017	495,000	391,005	886,005
08/01/2018	510,000	378,136	888,136
08/01/2019	525,000	363,141	888,141
08/01/2020	540,000	346,079	886,079
08/01/2021	560,000	327,395	887,395
08/01/2022	580,000	307,067	887,067
08/01/2023	600,000	284,969	884,969
08/01/2024	625,000	261,089	886,089
08/01/2025	650,000	235,339	885,339
08/01/2026	680,000	207,779	887,779
08/01/2027	705,000	178,335	883,335
08/01/2028	740,000	147,174	887,174
08/01/2029	770,000	113,800	883,800
08/01/2030	810,000	78,380	888,380
08/01/2031	845,000	40,391	885,391
Total	10,120,000	5,528,998	15,648,998

ARIZONA STATE UNIVERSITY
SPEED Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Research Lab Renovations

Period Ending	Principal	Interest	Debt Service
08/01/2012		261,247	261,247
08/01/2013		401,918	401,918
08/01/2014		401,918	401,918
08/01/2015		401,918	401,918
08/01/2016	485,000	401,918	886,918
08/01/2017	495,000	391,005	886,005
08/01/2018	510,000	378,136	888,136
08/01/2019	525,000	363,141	888,141
08/01/2020	540,000	346,079	886,079
08/01/2021	560,000	327,395	887,395
08/01/2022	580,000	307,067	887,067
08/01/2023	600,000	284,969	884,969
08/01/2024	625,000	261,089	886,089
08/01/2025	650,000	235,339	885,339
08/01/2026	680,000	207,779	887,779
08/01/2027	705,000	178,335	883,335
08/01/2028	740,000	147,174	887,174
08/01/2029	770,000	113,800	883,800
08/01/2030	810,000	78,380	888,380
08/01/2031	845,000	40,391	885,391
Total	10,120,000	5,528,998	15,648,998

ARIZONA STATE UNIVERSITY
SPEED Revenue Bonds
Series 2011

ESTIMATED DEBT SERVICE SCHEDULE

Infrastructure and Campus Site Improvements

Period Ending	Principal	Interest	Debt Service
08/01/2012		313,713	313,713
08/01/2013		482,636	482,636
08/01/2014		482,636	482,636
08/01/2015		482,636	482,636
08/01/2016	580,000	482,636	1,062,636
08/01/2017	595,000	469,586	1,064,586
08/01/2018	610,000	454,116	1,064,116
08/01/2019	630,000	436,182	1,066,182
08/01/2020	650,000	415,707	1,065,707
08/01/2021	670,000	393,217	1,063,217
08/01/2022	695,000	368,896	1,063,896
08/01/2023	720,000	342,417	1,062,417
08/01/2024	750,000	313,760	1,063,760
08/01/2025	780,000	282,861	1,062,861
08/01/2026	815,000	249,788	1,064,788
08/01/2027	850,000	214,499	1,064,499
08/01/2028	890,000	176,929	1,066,929
08/01/2029	930,000	136,790	1,066,790
08/01/2030	970,000	94,010	1,064,010
08/01/2031	1,015,000	48,517	1,063,517
Total	12,150,000	6,641,532	18,791,532

EXECUTIVE SUMMARY

ITEM NAME: New Business School Facility Project Approval (Arizona State University)

☒ Action Item ☐ Discussion Item ☐ Information Item

Issue: ASU requests Project Approval (PA) for the New Business School Facility at the Tempe campus. The \$57.05 million project is to be financed with System Revenue Bonds and Gifts. The SRBs are to be repaid over 30 years from tuition, other local funds, and gifts.

Previous Board Actions:

- | | |
|------------------------------------|-----------|
| • Project Implementation Approval | Dec. 2010 |
| • FY 2011 Capital Development Plan | June 2010 |
| • FY 2010 Capital Development Plan | June 2009 |
| • FY 2009 Capital Development Plan | June 2008 |

Statutory/Policy Requirements:

- Board Policy 7-109 requires Capital Committee review and Board approval of projects with a total project cost over \$5 million.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- In August of 1997, the W. P. Carey School of Business completed an AACSB (Association to Advance Collegiate Schools of Business) report for reaccreditation. The report was overwhelmingly positive concerning faculty, students and programs. However, AACSB noted that the school must improve its facilities to reach the top echelon of business schools.
- Subsequent program studies have shown that a new facility is critical to meet the school's current and future needs, as well as accommodate new technology/infrastructure requirements. Existing instructional spaces, MBA classrooms, academic and administrative unit offices, and student services spaces do not meet industry standards and are all undersized. The number of student team rooms, recruiting, and career management interview rooms should be doubled. A portion of the school's research function, best located in proximity to the faculty and departments, was relocated into off-campus leased space

Contact:

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EXECUTIVE SUMMARY

more than a decade ago. Teaching support areas for graduate and teaching assistants are not contiguous to faculty.

- Space shortages have become critical deficiencies and are restricting even basic development of new and existing programs. The projected growth for faculty, staff and graduate assistants over the next five years is more than 100. In the last year the undergraduate program's successful new BA program has seen enrollment figures grow with over 1,000 new students, increasing needs for more staff sooner than originally planned.
- Executive education is a key revenue source and a major component for the school in attaining national recognition and top 25 status, yet the school does not have an executive education-specific facility and shares spaces with other programs. To support expansion of executive education programs, dedicated classrooms, student study and interaction spaces, and break out rooms are needed.
- This new building is in alignment with the ASU strategic plan and ABOR's 20/20 Vision plan. The project meshes with the ASU goal to "Establish National Standing in Quality and Impact of Colleges and Schools in Every Field," as well as the goal to "Enhance Our Local Impact and Social Embeddedness." To increase the national standing of ASU and the School of Business, the facilities in which world class education is conducted should be on a level commensurate with the instruction. Over the last decade, the school has made impressive progress in the national business school rankings and is poised to take its place among the top 25 business schools in the nation. As the W.P. Carey School of Business continues to rise in prominence, students and graduates will continue to impact economies and communities from a local to global scale.

Project Description/Scope/Compliance with Space Standards:

- The New Business School Facility will encompass approximately 129,000 gross square feet.
- The building is planned to be a four-story sustainable structure, with a minimum of LEED silver certification. The facility will house MBA, Executive MBA, MRED, Executive Education programs, other Master programs, as well as MBA Administration and Career Management services for graduate students, and undergraduate Carey Academy Suite and team rooms. Included in the planning will be state-of-the-art classrooms, computer labs, specialized industry spaces, executive education facilities, conference/seminar rooms, interview and team rooms, and study areas for undergraduate, graduate, and executive students.

EXECUTIVE SUMMARY

- The building design will support community engagement and public events, with significant gathering spaces and interior space for interactions between students, faculty and business leaders.
- The project will be in conformance with applicable ABOR space guidelines.
- To maximize the long-term investment in this facility, the project will be built to last 100 years. The facility has been designed in accordance with the ASU Design Guidelines, and will be constructed of high quality, durable, maintainable materials and building systems to maximize energy efficiency and minimize operational, repair and replacement costs.

Project Delivery Method and Process:

- This project is being delivered through the Construction Manager (CM) at Risk method. This approach was selected for the project because it can save time through fast-track project scheduling, provides contractor design input and coordination throughout the project, improves potentially adversarial project environments, and allows for the selection of the most qualified contractor team for each individual project. With the use of two independent cost estimates at each phase, and low-bid subcontractor work for the actual construction, this method also provides a high level of cost and quality control.
- The CM at Risk (CMAR) was selected through the capital project selection committee process prescribed by the ABOR Procurement Code. Seventeen (17) responses to the project Request for Qualifications (RFQ) were received and three (3) of the responding teams were short-listed for interview. A licensed contractor from the community was included on the selection committee as required by Board Policy. The design team was selected through a similar ABOR process, and four (4) teams were interviewed out of the nineteen (19) RFQ responses received.

Project Costs:

- The estimated project budget is \$57,050,000. The current budget represents a reduction of \$1,450,000 since this project received Project Implementation Approval in December 2010. The budget was decreased after value engineering efforts determined that alternative building materials, fewer amenities, and minor reductions in scope could be implemented without affecting the overall program.
- The current budget represents a construction cost of \$298 per square foot and a total project cost of \$442 per square foot. The construction cost is based on analysis of the conceptual and preliminary schematic design plans by the CMAR

EXECUTIVE SUMMARY

and has been closely examined for efficiencies.

- The following table displays comparable projects, with construction costs per square foot escalated to 3rd quarter 2012 (the New Business School Facility construction midpoint):

Comparable Project	Location	Project Size	Year Completed	Escalated Const. Cost / SF
Wharton School of Business, University of Pennsylvania	Philadelphia, PA	278,000	2002	\$334
University of Chicago School of Management	Chicago, IL	410,000	2004	\$305
Ross School of Business, University of Michigan	Ann Arbor, MI	280,895	2008	\$441
Duke University - Fuqua School of Business	Durham, NC	91,400	2008	\$341
Brigham Young University - Marriott School of Management	Provo, UT	76,000	2008	\$396
University of Washington, Foster School of Business	Seattle, WA	135,000	2010	\$557
Purdue University, Krannert School of Management	W. Lafayette, IN	128,000	2003	\$340
University of Maryland, Smith School of Business (North Wing)	College Park, MD	38,000	2008	\$431
Average Comparable Project		179,662		\$393

- Considering these relevant comparable construction costs, the New Business School Facility construction cost budget of \$298 per square feet is considered to be appropriate.
- For this Project Approval phase the CM's guaranteed maximum price (GMP) has been derived from competitively bid subcontractor's pricing.
- Once the GMP has been agreed upon, the CM is at risk to provide the completed project within that price. All subcontractor work will be awarded on the basis of the lowest responsive and responsible subcontractor bids. A minimum of three subcontractor bids are required except for specialty items or instances where proprietary systems are required, such as for energy management systems and door locks. A final report on project control procedures such as change orders and contingency use will be provided at project completion.

Project Status and Schedule:

- This project is in the design phase. The Design Professional (DP) and CMAR were previously identified using a standard selection process. Design will be completed in the next few months.
- General construction is scheduled to begin once all approvals are in place. Construction will be completed approximately 18 months after ASU issues a notice to proceed.

EXECUTIVE SUMMARY

Fiscal Impact and Financing Plan:

- The project will be funded with System Revenue Bonds (SRBs) of \$54.05 million, and gifts of \$3 million. Annual debt service is estimated at \$3.9 million based on a 6% interest rate and a 30 year term. Debt service will be paid from tuition, local funds generated by business graduate student program fees, and an additional \$14 million in gifts.
- The annual operations and maintenance costs for the building are estimated at \$1,073,000. Arizona State University will request a General Fund Appropriation for operations and maintenance support through the standard legislative request process.
- This project was included in the debt ratio calculation of the 2010 Debt Capacity, and the 2012 Capital Development Plan, which showed that ASU's maximum annual debt service on all outstanding debt, all approved Capital Development Plan (CDP) projects and all first year Capital Improvement Plan (CIP) projects was 5.7 percent of the University's total projected expenditures. The incremental debt ratio for this project would be 0.20 percent.

Recommendation:

- It is recommended that the Board grant Project Approval to ASU for the New Business School Facility at the Tempe campus.

EXECUTIVE SUMMARY

Page 6 of 8

Capital Project Information Summary

University: Arizona State University

Project Name: New Business
School Facility

Project Description and Location:

This project is planned to construct an approximately 129,000 gross square foot facility directly east of the Business Administration buildings at the Tempe campus. The building will house classrooms, office and support spaces, circulation, meeting and research spaces, and teaching and computer labs.

Project Schedule:

Planning	June 2009
Design	January 2010
Construction	October 2011
Occupancy	June 2013

Project Budget:

Facility Useful Life (approx)	100 years
Total Project Cost	\$ 57,050,000
Total Project Construction Cost	\$ 38,456,000
Total Project Cost per GSF	\$ 442
Construction Cost per GSF	\$ 298

Change in Annual O and M Cost:

Utilities	\$ 394,000
Personnel	275,000
All Other Operating	404,000
Subtotal	\$ 1,073,000

Funding Sources:

Capital

A. System Revenue Bonds	\$ 54,050,000
B. Up-Front Gifts	\$ 3,000,000

(Funding Source for Debt Service: Tuition and Other Local Funds, and Gifts)

C. Operation/Maintenance	\$ 1,073,000
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(Funding Source: General Fund Appropriation)

EXECUTIVE SUMMARY

Capital Project Cost Estimate

University: ASU at the Tempe campus

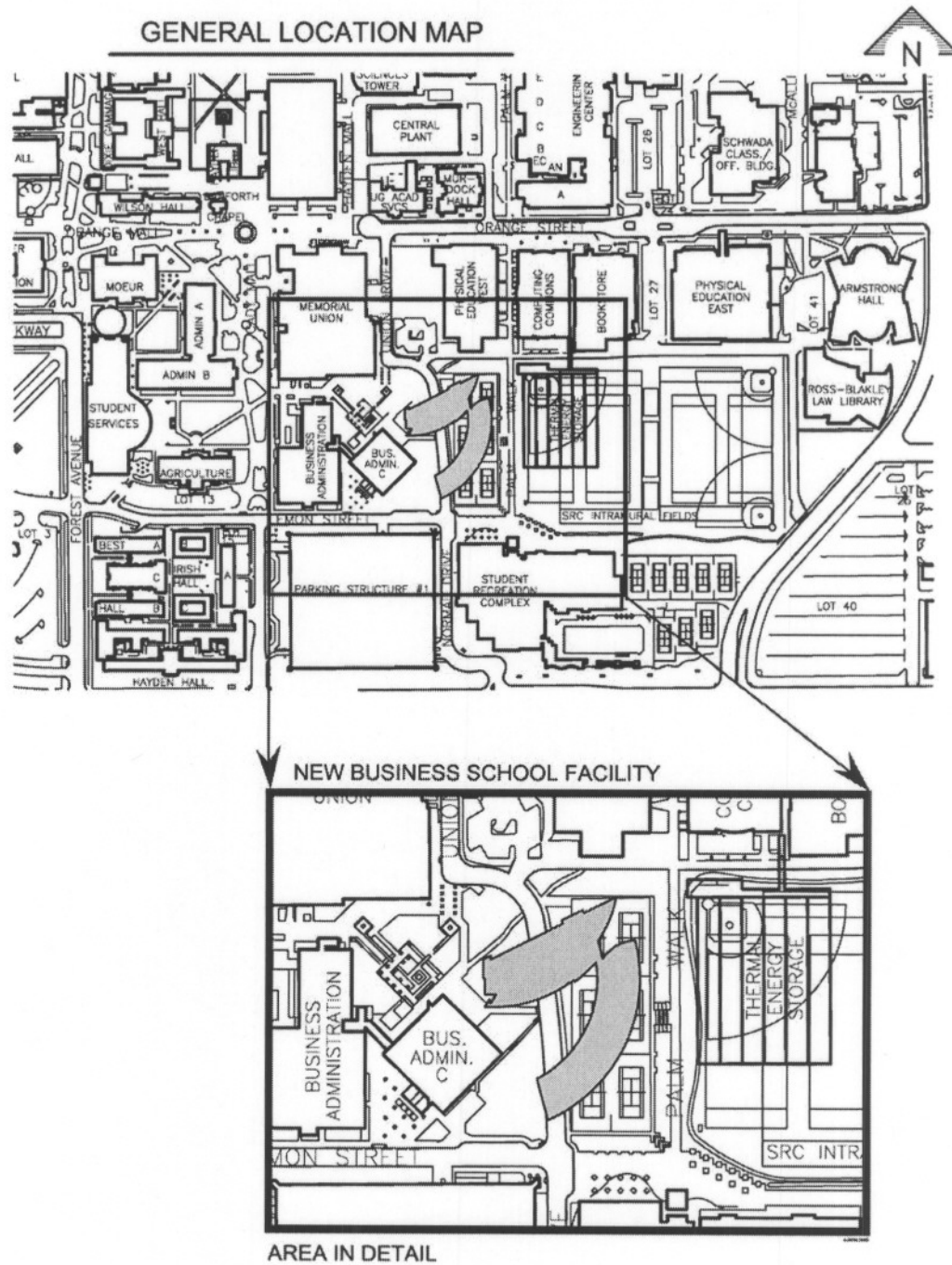
Project: New Business School Facility

	Capital Development Plan	Project Implementation Approval	Project Approval
Capital Costs			
1. Land Acquisition	\$ -	\$ -	\$ -
2. Construction Cost	-	-	-
A. New Construction	41,282,800	35,600,000	35,600,000
B. Renovation	-	-	-
C. Special Fixed Equipment	-	920,000	1,104,000
D. Site Development (excl. 2.E.)	-	1,288,000	1,200,000
E. Parking and Landscaping	-	1,200,000	-
F. Utilities Extensions	-	454,594	552,000
G. Other*	-	-	-
Subtotal Construction Cost	<u>\$ 41,282,800</u>	<u>\$ 39,462,594</u>	<u>\$ 38,456,000</u>
3. Fees			
A. Construction Mgr	\$ -	\$ 350,000	\$ 350,000
B. Architect/Engineer	4,747,200	4,747,200	4,747,200
C. Other	1,000,000	1,489,000	1,489,000
Subtotal Consultant Fees	<u>\$ 5,747,200</u>	<u>\$ 6,586,200</u>	<u>\$ 6,586,200</u>
4. FF&E Movable	\$ 4,000,000	\$ 3,956,000	\$ 3,956,000
5. Contingency, Design Phase	1,200,000	836,800	400,000
6. Contingency, Constr. Phase	3,200,000	3,164,800	3,158,194
7. Parking Reserve	-	-	-
8. Telecommunications Equipment	2,000,000	1,978,000	1,978,000
Subtotal Items 4-8	<u>\$ 10,400,000</u>	<u>\$ 9,935,600</u>	<u>\$ 9,492,194</u>
9. Additional University Costs			
A. Surveys, Tests, Tempe Develop. Fee	\$ 200,000	\$ 200,000	\$ 200,000
B. Move-in Costs	250,000	250,000	250,000
C. Printing Advertisement	50,000	50,000	50,000
D. Keying, signage, facilities support	120,000	120,000	120,000
E. Project Management Cost (3%)	1,746,000	1,702,350	1,702,350
F. State Risk Mgt. Ins. (.0034 **)	204,000	193,256	193,256
Subtotal Addl. Univ. Costs	<u>\$ 2,570,000</u>	<u>\$ 2,515,606</u>	<u>\$ 2,515,606</u>
TOTAL CAPITAL COST	<u><u>\$ 60,000,000</u></u>	<u><u>\$ 58,500,000</u></u>	<u><u>\$ 57,050,000</u></u>

* Universities shall identify items included in this category

** State Risk Management Insurance factor is calculated on construction costs and consultant fees.

EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

**Arizona Board of Regents
Arizona State University
Capital Development Plan Project Justification Report
Academic Renovations**

Previous Board Action:

- This is a new project.

Statutory Policy Requirements

- Board Policy 7-102C.1.b states that the overall plans for related and/or phased projects should be documented for consideration by the capital Committee.
- Board Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Implementation Approval and Project Approval are necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual projects will exceed \$5,000,000.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- The Academic Renovations project will directly benefit the academic mission of the University by providing updated and growth space for academic programs that will allow for better student/faculty interaction and learning experiences. With the moves of various departments at all ASU campuses, there is an opportunity to improve the facilities to meet the demands of students and faculty. These projects afford ASU the opportunity to improve the academic experience of our students. In addition, the work will result in substantial renovations in classrooms and improved and updated space acquired for new faculty hires.
- These projects will not only enhance the quality of the buildings with improved space for faculty and better classroom experience for students, but will also bring the University in compliance with code requirements for safety, and address ABOR directives to reduce deferred maintenance. Projects essential for life safety/code compliance and University strategic initiatives have been given top priority.
- This project will support the ABOR *2020 Vision* goals of positioning ASU as a national comprehensive university and establishing national standing in academic quality and impact of colleges and schools in every field.

EXECUTIVE SUMMARY

Project Description/Scope/Compliance with Space Standards:

- This project will include the renovation of approximately 66,000 square feet of various academic spaces at all ASU campuses. It will include upgrading infrastructure and building systems to maximize adaptable and flexible technologies.
- These improvements will comply with space standards where applicable.

Programming and Design Costs to Achieve Project Implementation:

- Current ABOR policy (7-107.C.3 and 7-107.E.3) limits pre-Project Implementation expenditures to the cumulative total of 2 percent of the total estimated project cost (an amount not to exceed \$250,000), plus 3 percent of the total estimated project cost. Programming and design costs for the project through schematic design are not anticipated to exceed the limits defined in ABOR policy.

Project Delivery Method and Process:

- It is anticipated that components of this project will utilize the CMAR method. This approach can save time through fast-track project scheduling. It provides contractor design input and coordination throughout the project; it improves potentially adversarial project environments; and it allows for the selection of the most qualified contractor team for each individual project. With the use of two independent estimates at each phase, and low bid subcontractor work for the actual construction, this method also provides a high level of cost and quality control. As needed, the project may also use Job Order Contracting and Design Build construction delivery methods.
- The CMAR or CMARs will be selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor will be included on the selection committee as required by ABOR policy. The design team will be selected through a similar ABOR process.

Project Costs:

- The estimated budget for this project is \$10,000,000.
- Comparable costs for this project cannot be determined at this conceptual stage of the project. When projects are identified, comparable projects and costs will be provided at Project Implementation Approval. Costs will be determined based on preliminary estimates using a combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.

EXECUTIVE SUMMARY

- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants.
- The Construction Manager is at risk to provide the completed projects within the agreed upon Guaranteed Maximum Price (GMP). A final report on project control procedures such as change orders and contingency use will be provided at project completion.

Project Status and Schedule

- This project is in the conceptual phase. Design Professionals (DPs) will be selected when projects are identified and approvals are secured. Design will be complete in approximately six to nine months after DP contract or contracts are awarded.
- General construction is scheduled to begin when all approvals are in place. Construction will be completed approximately 18 months after CMAR construction contracts are awarded.

Fiscal Impact and Financing Plan:

- The project funding would be lottery revenue bonds. The debt service would be funded from state lottery allocation proceeds (80%), and University tuition (20%).
- This project consists of renovation of existing spaces; there is no net increase to Operation and Maintenance costs.
- Debt Ratio Impact: Per the SPEED legislation (House Bill 2211), the debt service for this project is exempt from the debt service ratio calculation. If the debt service was included the incremental debt ratio for this project would be 0.03% based on interest only payments through 2015.

Backfill Plan:

- A backfill plan is not applicable to this project.

Alternatives:

- If ASU is to continue to improve spaces needed to meet growing enrollment and new technical requirements, there are very few alternatives to this project. The cost of repairing buildings versus demolishing the buildings and constructing new facilities is continually being evaluated on a case-by-case basis. Buildings are selected for this project only when it is more feasible to repair and remodel than to demolish and replace the facilities.

EXECUTIVE SUMMARY

**Arizona Board of Regents
Arizona State University
Capital Development Plan Project Justification Report
Lab Renovations**

Previous Board Action:

- FY 2011 Capital Development Plan Dec. 2010

Statutory Policy Requirements

- Board Policy 7-102C.1.b states that the overall plans for related and/or phased projects should be documented for consideration by the capital Committee.
- Additionally, Board Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Implementation Approval and Project Approval are necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual projects will exceed \$5,000,000.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- Many existing laboratories and building systems are inadequate. The poor condition of the spaces and age of the building systems constrains the development of these strategically important areas. This project will ensure facility systems can meet research demands and will bring areas into code compliance where required.
- Additionally, hiring of new faculty leads to ongoing pressures to update and renovate laboratory space. These projects will renovate facilities for the requirements of new faculty, as well as renovate space following successful grant applications.
- This project will support the ABOR 2020 *Vision* goals of positioning ASU as a national comprehensive university and establishing national standing in academic quality and impact of colleges and schools in every field. Specific strategic targets include (1) doubling of research to \$700 million annually and (2) the integration of teaching, learning and discovery mission into the Phoenix urban fabric and outstate Arizona measured by enhanced economic competitiveness indicators.

EXECUTIVE SUMMARY

Project Description/Scope/Compliance with Space Standards:

- This project will include the renovation of approximately 33,000 square feet of various laboratories in several buildings. It will include upgrading infrastructure and building systems to maximize adaptable and flexible technologies.
- These improvements will comply with space standards where applicable.

Programming and Design Costs to Achieve Project Implementation:

- Current Arizona Board of Regents policy (7-107.C.3 and 7-107.E.3) limits pre-Project Implementation Approval expenditures to the cumulative total of 2 percent of the total estimated project cost (an amount not to exceed \$250,000), plus 3 percent of the total estimated project cost.
- Programming and design costs for the project through schematic design are not anticipated to exceed the limits defined in ABOR policy.

Project Delivery Method and Process:

- It is anticipated that these projects will primarily utilize the Construction Manager at Risk (CMAR) method. This approach can save time through fast-track project scheduling. It provides contractor design input and coordination throughout the project; improves potentially adversarial project environments; and allows for the selection of the most qualified contractor team for each individual project. With the use of two independent cost estimates at each phase, and low-bid subcontractor work for the actual construction, this method also provides a high level of cost and quality control. As circumstances warrant, other project delivery methods may be used, including Job Order Contracting (JOC) and Design Bid Build (DBB).
- The CMAR or CMARs will be selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor will be included on the selection committee as required by ABOR policy. The design team will be selected through a similar ABOR process.

Project Costs:

- The estimated budget for this project is \$10,000,000.
- Comparable costs for this project cannot be determined at this conceptual stage of the project. Costs will be determined based on preliminary estimates using a combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.

EXECUTIVE SUMMARY

- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants.
- The Construction Manager is at risk to provide the completed projects within the agreed upon Guaranteed Maximum Price (GMP).

Project Status and Schedule

- This project is in the conceptual phase. Design Professionals (DPs) will be selected when projects are identified and approvals are secured. The design schedule for each project will vary, depending on the scope of the individual project.
- General construction is scheduled to begin when all approvals are in place. Construction schedules for each project will vary, depending on the scope of individual projects.

Fiscal Impact and Financing Plan:

- The project funding would be lottery revenue bonds. The debt service would be funded from state lottery allocation proceeds (80%), University tuition (10%) and indirect cost recovery (10%).
- This project consists of renovation of existing spaces; there is no net increase to operation and maintenance costs.
- Debt Ratio Impact: Per the SPEED legislation (House Bill 2211), the debt service for this project is exempt from the debt service ratio calculation. If the debt service was included the incremental debt ratio for this project would be 0.03% based on interest only payments through 2015.

Backfill Plan:

- A backfill plan is not applicable to this project.

Alternatives:

- There are few, if any, alternatives to this project. In most cases, it is more feasible for ASU to maintain and renovate existing facilities than to construct new buildings.

EXECUTIVE SUMMARY

**Arizona Board of Regents
Arizona State University
Capital Development Plan Project Justification Report
Infrastructure and Campus Site Improvements**

Previous Board Action:

- This is a new project.

Statutory Policy Requirements

- Board Policy 7-102C.1.b states that the overall plans for related and/or phased projects should be documented for consideration by the capital Committee.
- Additionally, Board Policy 7-102C.2 states that if the Board grants Capital Development Plan Approval for a group of related projects, Project Implementation Approval and Project Approval are necessary for any phase that exceeds \$5,000,000. At this conceptual stage of the project, ASU does not anticipate that any of the individual project components will exceed \$5,000,000.

Project Justification/Strategic Implications/Project Compliance with Mission, Strategic Plan, Master Plan and Community Input Process

- The goal of this project is to extend the usable life, enhance the performance, and increase the safety of University facilities by renewing aging or worn-out building systems. Several of these infrastructure projects will enhance utility distribution efficiencies that will assist in meeting ASU energy reduction goals.
- This project will support the ABOR *2020 Vision* goals of positioning ASU as a national comprehensive university and establishing national standing in academic quality and impact of colleges and schools in every field.

Project Description/Scope/Compliance with Space Standards:

- Components of this project will affect all campuses and may include projects such as:
 - Fire protection and alarm upgrades: Fire protection will be installed in buildings with no fire systems or partial fire systems. Buildings that are being targeted for this upgrade are ones that have been identified for other renovations to meet University goals. It is more cost-effective to install these systems when the buildings are being renovated. Also, interruptions to occupants are minimized when work can be completed simultaneously.

EXECUTIVE SUMMARY

- Electrical upgrades: Electrical capacity will be increased for selected older buildings in order to meet contemporary electrical load standards, and to maximize building versatility.
- Heat, Ventilation, Air conditioning (HVAC) upgrades: Existing HVAC systems will be replaced or upgraded to bring spaces up to current codes and standards, and to support new laboratories.
- Utility, Building and Road Upgrades: To meet codes and educational needs, utilities such as chilled water and exhaust systems need to be upgraded and extended to underserved areas on all campuses. Chilled water capacity to selected buildings will be increased, and building components that connect to these utilities also will be replaced. Roads and other areas affected by the utility upgrades will be repaired and upgraded.
- Building Roof Replacement: This component is a continuation of previous ASU roofing projects. Selected roofs in poor condition will be replaced to avoid potential harm to individuals, facilities, personal property, and research projects.
- Campus Site Infrastructure Upgrades: This component will address both federal and state conservation mandates to capture and reuse storm water. It will improve existing water retention areas and introduce water reuse as an alternative irrigation method.
- Hazardous Materials Abatement and Demolition of Obsolete Facilities: This component will address buildings that require asbestos and/or other hazardous materials abatement. Facilities or portions of facilities that are beyond their useful life also may be demolished.

Programming and Design Costs to Achieve Project Implementation:

- Current Arizona Board of Regents policy (7-107.C.3 and 7-107.E.3) limits pre-Project Implementation expenditures to the cumulative total of 2 percent of the total estimated project cost (an amount not to exceed \$250,000), plus 3 percent of the total estimated project cost.
- Programming and design costs for the project through schematic design are not anticipated to exceed the limits defined in ABOR policy.

EXECUTIVE SUMMARY

Project Delivery Method and Process:

- It is anticipated that components of this project will utilize the CMAR method. This approach can save time through fast-track project scheduling. It provides contractor design input and coordination throughout the project; it improves potentially adversarial project environments; and it allows for the selection of the most qualified contractor team for each individual project. With the use of two independent estimates at each phase, and low bid subcontractor work for the actual construction, this method also provides a high level of cost and quality control. As needed, the project may also use Job Order Contracting and Design Build construction delivery methods.
- The CMAR or CMARs will be selected through the capital project selection committee process prescribed by the ABOR Procurement Code. A licensed contractor will be included on the selection committee as required by ABOR policy. The design team will be selected through a similar ABOR process.

Project Costs:

- The estimated budget for this project is \$12,000,000.
- Comparable costs for this project cannot be determined at this conceptual stage of the project. When projects are more fully developed, comparable projects and costs will be provided at Project Implementation Approval. Costs have been determined based on preliminary estimates using a combination of recent ASU construction projects and the nationally-recognized estimating program RS Means.
- For this Capital Development Plan phase, no preliminary external cost estimates have been provided by third-party consultants.
- The Construction Manager is at risk to provide the completed projects within the agreed upon Guaranteed Maximum Price (GMP). A final report on project control procedures such as change orders and contingency use will be provided at project completion.

Project Status and Schedule

- This project is in the conceptual phase. Design Professionals (DPs) will be selected when projects are identified and approvals are secured. Design will be complete in approximately six to nine months after DP contract or contracts are awarded.

EXECUTIVE SUMMARY

- General construction is scheduled to begin when all approvals are in place. Construction will be completed approximately 18 months after CMAR construction contracts are awarded.

Fiscal Impact and Financing Plan:

- The project funding would be lottery revenue bonds. The debt service would be funded from state lottery allocation proceeds (80%), and University tuition (20%).
- This project consists of renovation of existing facilities and equipment; there will be no net increase to Operation and Maintenance costs.
- Debt Ratio Impact: Per the SPEED legislation (House Bill 2211), the debt service for this project is exempt from the debt service ratio calculation. If the debt service was included the incremental debt ratio for this project would be 0.03% based on interest only payments through 2015.

Backfill Plan:

- A backfill plan is not applicable to this project.

Alternatives:

- There are few, if any, alternatives to this project. It is imperative for ASU to maintain and renovate existing infrastructure to avoid catastrophic breakdowns in utilities, roofs, and other building systems.